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Daily Report

Central Eurasia

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Daily Report
Central Eurasia

FBIS-SOV-96-152 6 August 1996

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CIS: ITAR-TASS Carries Press Review for 6 Aug

LD0608063996 Moscow ITAR-TASS in English 0628 GMT 6 Aug 96

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW, August 6 (ITAR-TASS) — On Tuesday, Russian press kept on covering latest developments in the Far Eastern Primorskiy (Maritime) region, where social tensions, high on the rise in recent weeks, had developed into major protest actions of coal-miners and power-engineering workers and the government had been forced to funnel millions of roubles to pay back wages.

A natural question arises — when will the government "cut the knot" of nonpayments and why wage money is always found after workers' discontent has reached a boiling point, asks the trade unionist daily TRUD.

Saying that presidential inspection officers departed for the region on Monday, TRUD does not rule out that President Yeltsin will sack Governor Yevgeniy Nazdratenko basing on the inspection results.

Several publications report that the Russian government will hold a session on Tuesday to sum up socioeconomic results of the first six months of 1996 and draw up the tasks for the remaining half of the year.

Commenting on recent appointments in the presidential administration, the government daily ROSSIYSKIYE VESTI says that Maksim Boyko's promotion to deputy heads of staff shows that "the time of compromises with conservative groups within bureaucracy has come to the end."

"The new presidential team has its own reform plan and does not care whether anybody likes it (the team) or not," the newspaper remarks.

Today's issue of ROSSIYSKAYA GAZETA runs a State Duma address to Prime Minister Viktor Chernomyrdin aiming to draw his attention to a crisis plaguing the national gold-mining industry.

The daily carries Duma resolutions on federal welfare laws, including those on a minimum wage and pension rise and additional benefits to orphans, and the wordings of several laws, including a law providing for the reimbursement of payments for school meals.

The military daily KRASNAYA ZVEZDA comments on latest Chechnya developments in the article bearing the title "The Language of Diplomacy Is Not for Bandits."

One of its paragraphs reads: "No one will argue that everybody is sick and tired of war. Everybody is waiting for its end. And this is possible if those, who are making profit — either commercial or political — on it, are neutralised. What is needed in addition is strong political will. There is senseless to insist on negotiations with those who do not want to contact you. Dialogues with criminals are also inappropriate."

Russia needs private property on land, upper house speaker Yegor Stroyev says in an interview with Tuesday's supplement to the popular daily KOMSOMOLSKAYA PRAVDA.

"We need private property both on plough land and personal plots. Peasants must have a right to dispose of this property and sell it — one should be allowed to assign land plots, shares and (other) property," Stroyev says in the interview, taken just two days before the Federation Council is scheduled to consider the law "On the State Regulation of the Agricultural and Industrial Complex."

TRUD carries an interview with Mikhail Nikolayev, President of resource-rich Yakutia in the Russian North, who describes the situation in the republic's diamond industry.

Newspapers are summing up the results of Olympic Games, which ended in Atlanta on Monday.

"Over sixteen impressive days which have passed, the world has learnt Russia's anthem by heart — learnt it due to phenomenal victories of our athletes," writes KRASNAYA ZVEZDA.

Russia's Olympic team, which came in second, has shown the world a "firework of outstanding triumphs," KOMSOMOLSKAYA PRAVDA remarks.

CIS: Economic 'Presidium' Views Integration Plans

MM0508155796 Moscow RABOCHAYA TRIBUNA in Russian 2 Aug 96 p 3

[Report by Svetlana Kasumova under the "Strategy of Integration" rubric: "The Interstate Economic Committee Has One Task: To Achieve Harmonization. Surviving Together Rather Than Going Under One by One"]

[FBIS Translated Text] It is surprising how some abbreviations become part and parcel of our lives without our noticing. The Economic Union's Interstate Economic Committee (IEC) was set up only 18 months ago, but it is difficult to imagine the CIS without it nowadays.

Just 18 months ago 12 states, realizing they could not survive on their own, began talking in earnest about integration. Today the IEC is able to draw up some results: The Customs Union, which initially brought three "volunteers" — Russia, Kazakhstan, and Belarus

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— together, to be joined later by Kyrgyzstan, and plans to form a CIS common market, facilitating access to the world market. By pooling efforts it will be possible not only to improve the standard of goods but also to win a legitimate place in the sun.

The formation of a common guaranteed investment area is also part of the IEC's brief. To this end plans to protect the rights of investors and a blueprint of the rights of national corporations were drafted. Plans in the sphere of environmental protection, the social and humanitarian spheres, and sector-based aspects of cooperation make up a whole series of documents on fundamentally important areas which were prepared on the IEC's initiative and submitted to the Council of Heads of State and the Council of Heads of Government of the Commonwealth for examination. After adoption they became landmarks on the way to real integration.

But it is premature to throw our hats in the air. The IEC has quite a few problems. Documents on creating a Payments Union, with the prospect of subsequently entering a Currency Union, were prepared long ago. But there is still no Payments Union. The search for optimal mechanisms in the sphere of payment and settlement relations has faltered to date. This is understandable in general terms. We are talking about balancing the interests of no fewer than 12 states. A formidable task. But one, for all the disagreements, which has to be solved. It is essential that we clarify questions of taxation; consolidate on questions concerning the fuel and energy complex and transport, on which the health of the whole economy depends; and create, finally, free trade zones so that debtors and nondebtor partners can fulfill meet jointly made decisions.

The IEC's main efforts are now directed here, Russian Government Deputy Chairman Aleksey Bolshakov remarked in his address to the seventh ordinary session of the organization's presidium, held in Moscow.

The session was attended by members of the IEC Presidium, namely deputy heads of government from the CIS states, who had to discuss quite a lot of questions, the draft Forward Plan for the Integrated Development of the Commonwealth of Independent States for 1996-1997 being paramount among them.

It should be said that the draft plan had already been submitted to the Council of CIS Heads of State in May. It now had to be examined in the light of the comments made at the time by Kazakhstan and Uzbekistan and also Georgia's dissenting voice. On the proposal of those states, the developments of three documents — on the issue and introduction of state loan bonds, the interstate currency unity and its circulation zone, and the creation and functioning of national central bank stabilization funds — were excluded from the draft. The republics considered these premature and out of line with reality. The reworked draft was examined anew. And, although fears were expressed regarding its implementation deadline, the refinements received general support. Now, after IEC recommendations, the document will again be submitted to a session of CIS heads of state for final endorsement.

The presidium members also adopted a draft agreement setting up a transnational financial and industrial group to back up the operation and repair of civil aircraft in order finally to make progress in the transport sphere. The agreement should eliminate the crisis in aviation, where a considerable number of aircraft are lying idle because of nonpayment by partners. Continuing work in the sphere of sector cooperation, the participants in the session adopted an agreement to stabilize the work of CIS states' light industry enterprises.

A purely "city" question was discussed for probably the first time within the Commonwealth. This involved the creation of a high-grade system of fruit and vegetable wholesale markets in Moscow with CIS aid. They are planned at two levels: Major district markets around the Moscow Beltway, and medium-sized markets inside the city. The first phase envisages commissioning facilities covering 124 hectares. The bulk of the development investment is to come from the Moscow government, the rest from commercial structures of the Russian Federation and the CIS. Moscow, being the pathbreaker here, will most probably initiate cooperation in this sphere too.

The session also examined, among other things, questions of currency policy, the Interstate Bank, the social protection of veterans, and the monitoring of CIS interstate and intergovernmental agreements on oil, gas, chemicals, and petrochemicals. If all this is actually done, there can be hopes for the survival of the CIS. It is particularly appropriate that the Commonwealth should be marking its fifth anniversary very soon. The jubilee is just around the corner, in December.

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Russia: Ilyukhin Responds to Critics of Plot Claim

MM0208135896 SOVETSKAYA ROSSIYA in Russian 1 Aug 96 p 2

[Unattributed interview with Viktor Ilyukhin, chairman of the Russian State Duma Security Committee, under the rubric "A Response to My Detractors"; date and place not given: "Apologies Are Not in Order"]

[FBIS Translated Text] [SOVETSKAYA ROSSIYA] Viktor Ivanovich, you are no doubt familiar with the stormy response elicited by your press conference discussing the security of the countries of the Slav world, and, in particular, the acts of provocation being plotted against Belarus. You said that today the Slav world is being dealt a crushing blow and that attempts are being made to dismember it once and for all, which could be facilitated by the artificially created crisis in the unification processes between Russia and Belarus. You also cited, in particular, developments such as the special services' provocative schemes to remove [Belarusian President] Lukashenka and create chaos and social tension in the republic, including by means of mass strikes and street disturbances involving thugs from the Ukrainian National Assembly-Ukrainian People's Self-Defense. The thrust of many reactions was not to cogently refute the facts you adduced, but to try to discredit both you personally and your state activity. What is your opinion?

[Ilyukhin] First, I would like my detractors, who have filled several pages of newsprint and talked out many minutes of airtime, to calm down: Cease your futile attempts. You look insipid and unconvincing.

According to certain information, CIA headquarters has already begun the search for the person who passed on the secret information regarding the acts of provocation being plotted in Belarus that I partly revealed during my press conference. In effect, Langley is searching for a new Ames. Second, I would note that many of my detractors are people who are described in Russia as a fifth column — to be more exact, as persons who have a direct or indirect connection with the destruction of the Soviet Union, and nowadays with the destruction of Russia. Third — in their so-called refutations they stoop to base, unscrupulous methods. They reproach me both for my age (I am 47) and for my non-Moscow origin. Their cynicism is quite incredible. They have also reproached me for the fact that in 1991 I instituted criminal proceedings against USSR President Gorbachev. But has not life confirmed my correctness? The legal validity of the criminal case has not been refuted by anyone. It was Gorbachev who began the destruction of the Soviet Union, first betraying its interests in the international arena, and then, in conjunction with the fifth column, destroying it from within. But let us leave the Gorbachev case — history and the people have thrown him on the garbage heap.

I am also accused of disclosing, for the sake of sensationalism, the details of the illegal removal from a government building of $538,000 earmarked for Yeltsin's election campaign. "Wow, it must have been some box!" But it contained 3 billion rubles, converted into our money. And if for the Svanidzes and Kiselevs [TV presenters] of this world this sum is only grounds for a "Wow!", for the striking and hungry miners of Maritime Kray and for their children, who are already eating dogs, it could mean salvation.

My detractors on television took offense: The sum I cited as having been allocated for circulating provocative information about Belarus is rather small; we do not sell ourselves so cheaply, they say. What can you say to the Kiselevs and Svandidzes here? They are probably trying to talk their price up!

I mentioned the fifth column with good reason. It really does exist in Russia. And it operates extremely successfully. As is well known, [former] CIA Director J. Woolsey has acknowledged: "We and our allies, together with the democrats of Russia and the other states of the former Soviet Union and the Soviet bloc, won the Cold War."

Secretary of State Christopher reached the following conclusion about the meaning of the United States' victory over the Soviet Union: "These changes have opened up magnificent opportunities for us to strengthen regional stability and increase the level of security of the American people. We are trying to use these opportunities in order to derive maximum benefits for Americans."

Not for Russia, but for Americans. The "democrats'" involvement in the Soviet Union's defeat in the war with the West was also confirmed by Russian President Boris Yeltsin while in the United States. "We won the Cold War together," he said at his meeting with the U.S. President.

"The defeat of our own country" is not just the defeat of the USSR, but also the defeat of Russia. Its symptoms are obvious: the collapse of statehood, the loss of territories, and the victor's exploitation of defeated Russia's resources (material, intellectual, and others) on the cheap.

Who specifically is taking issue with me today? The U.S. CIA, and, at the same time, State Duma Deputy Chairman Mr. Shokhin, the television people Messrs.

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Kiselev, Svanidze, Sagalayev, and others. An amazing unanimity and consensus.

I understand the U.S. intelligence agency, which is striking a pose. What else could it do? Obviously it could not confess its secret plans to the whole world. Admittedly, the focus of the CIA's activity has long been obvious. It is first and foremost directed at the states of the former Soviet Union and East Europe. This accounts for the lion's share of intelligence expenditure. Was it not the CIA that at one time hatched and nurtured Poland's "Solidarity"?; was it not this same organization that supported and directed the activity of the notorious people's fronts of Sajudis and other separatist organizations in the Baltic republics, Belarus, and Russia?

The national security strategy of the United States, attaching major significance to the development of its own intelligence capabilities, considers it essential to use them to monitor and to influence political, economic, social, and military aspects in those regions of the world in which American interests are seriously affected and in which the collection of information from open sources is insufficient. The United States long ago declared the former territory of the Soviet Union to be a sphere of its vital interests. Here they using every means and opportunity, so to speak. Everything is employed to achieve their ends. "...Not only through cooperation with government structures but also by mobilizing private and nongovernmental organizations."

And another important point: The United States considers, as Clinton put it, many "...trade unions, human rights organizations, defenders of the environment, chambers of commerce, and election observers" in other countries, including Russia, to be its helpers and natural allies. This, of course, is not an exhaustive list.

Unfortunately, today representatives of Western special services, and especially the CIA, are directly contacting Russian officials and party and movement leaders, and not simply contacting them, but imposing their way of thinking and acting on them. In my view, our counterintelligence services are no longer able to counter this pressure. This is probably the fault of the top political leadership, which for the sake of clinging on to power is prepared to rely on any forces, including forces destructive to Russia.

I am not surprised by the stance taken by Shokhin, who rushed to contradict me and to apologize for me. Although no one authorized him to issue apologies, and no one expected them from him. But he jumped in with "refutations" without acquainting himself with the transcript or the videotape of my press conference. I am not surprised because A. Shokhin has never supported the unification of Russia and Belarus. It was he and his faction, and also Lebed, Borovoy, and Yavlinskiy, who vigorously opposed the denunciation of the criminal Belovezhskaya accords. He is an outspoken opponent of the revival of the union state in any form, although such a union is vital for the majority of peoples of the former Soviet Union.

Unfortunately, I must observe that many people in Yeltsin's entourage do not want real rapprochement or close integration with the former union republics. Incidentally, America does want this either. Russia's industrial and economic ministries and departments are also quite resolutely opposed to unification. What does this policy cost the country? No one knows better than the leaders of these departments that the economy of the former Russian empire, and later that of the Soviet Union, developed as a single organism, and attempts to dismember it are tantamount to suicide. We can see this clinical death of the economy, industry, and the national economic complex today in virtually all the CIS and Baltic countries.

Here are some more hard facts. Today Russia pays (as it never did before) over $3 billion every year for our merchant ships to call at and be serviced at Baltic ports. We regularly fork out the sum of $125 million to Kazakhstan for Baykonur, which was to all intents and purposes built by Russia. Today we pay Ukraine huge sums to lease the land on which Russian oil pipelines cross to Western Europe. And the list of what else we have to pay for could be extended ad infinitum.

Here let me voice a thought that may be seditious for my detractors: Russia itself does not want unification with other former union republics. The fever of the election campaign has passed and Yeltsin capitalized on his populist statements on integration. Today the process of abandoning election promises has begun.

Belarusian President Lukashenka, who took the Russian leaders' assurances on unification at face value, evidently is not always able to perceive what lies behind their words. As I analyze the unfolding events and new information I increasingly incline to the view that the initiative behind the provocative intrigues in Belarus originated in Russia, and executants can always be found, as the saying goes. Alas, the fears that I expressed at the press conference are beginning to be realized. Following my speech voices calling for Lukashenka's impeachment were heard in Minsk. Complaints could indeed be made against him in connection with Belarus' economic and social situation. But the main factor is not Lukashenka, but the collapse of the Soviet Union, the legacy he received from Shushkevich, and the political and economic realities that surround Belarus at

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the present time. My fears are being realized, for the thugs from the Ukrainian National Assembly-Ukrainian People's Self-Defense have stated that both Lukashenka and the very idea of the unification of Russia and Belarus must be finished off.

It appears that my detractors have sided with them.

Russia: Moscow Bewildered by Turkey's Refusal To Admit Zhirinovskiy

LD0508151996 Moscow INTERFAX in English 1506 GMT 5 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 5 (Interfax) — The Russian Foreign Ministry told the Turkish charge d'affaires ad interim in Moscow that it was bewildered by the Turkish Embassy's refusal to issue an entrance visa for MP Vladimir Zhirinovskiy, leader of the Liberal Democratic Party of Russia, a Foreign Ministry official representative told Interfax.

In refusing to grant Zhirinovskiy the visa, the Turkish Embassy referred to "an instruction from Ankara," the ministry's representative said.

Turkey has made this move "despite the Russian side's appeal and without explaining its motives," the Russian Foreign Ministry said.

Zhirinovskiy planned to holiday in Antalya, a Turkish health resort on the Mediterranean Sea shore, annually visited by hundreds of thousands of Russian citizens, Interfax has learned.

However, Zhirinovskiy was not allowed to board his plane at Moscow's Sheremetyevo-2 international airport on Thursday because he did not have a visa.

The Turkish Embassy declined to comment when contacted by Interfax.

Russia: Moscow Welcomes Israeli Offer of Dialogue With Syria

LD0608105296 Moscow INTERFAX in English 1043 GMT 6 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 6 (Interfax) — Moscow's attitude to the latest statement by Israeli Prime Minister Binyamin Netanyahu as to his willingness to resume the dialogue with Syria is on the whole positive, a high-ranking member of Russia's Foreign Ministry told Interfax on Tuesday.

Nevertheless, the Israeli prime minister's assurances are "evidently insufficient to overcome the lengthy pause in the Middle East peace process," he pointed out.

Netanyahu proclaimed his willingness to resume negotiations with Damascus in mAman on Monday, at a news conference given after his meeting with Jordan's King Husayn. Our major goal is to gain peace with Syria, he said.

The Russian diplomat said in comments on the Israeli prime minister's words that "there is nothing new in them." The new government of Israel had never rejected dialogue with Damascus, he added.

"It is gratifying that Netanyahu has again spoken in favor of talks, not a military solution. However his statement contained no answer to the main question: On what basis the Israeli leadership is prepared to continue the dialogue with its neighbor," the diplomat said.

Moscow's attitude to the Israeli Government's decision to lift restrictions on the expansion of Jewish settlements in the occupied Arab territories in the West Bank and Gaza Strip was negative, he said.

That step conflicted with the previous Israeli-Palestinian agreements that settlers' activity in the "territories" should be frozen, he pointed out.

Russia: Officials Said Ignorant of Caspian-Gulf Canal Scheme

MM0508112896 Moscow ROSSIYSKAYA GAZETA in Russian 5 Aug 96 p 7

[Feature comprising article by Aleksey Chichkin and Tatyana Smolyakova and report by Aleksandr Shinkin under the general Heading: "Sensation! Sensation? Will the Volga Flow Into the Persian Gulf?"]

[FBIS Translated Text] Russian experts in river diversion seem to be in demand again. According to a report in the Iranian newspaper KEYHAN, there is a plan to link the Caspian Sea and the Persian Gulf by canal. But an even greater sensation is the fact that none of our Russian experts know about this or are prepared to say how the major new waterway would influence the environment in Russia. What will happen to the Caspian? What will happen to the Volga? Will the sturgeon with their black caviar disappear into the Persian Gulf? There are hundreds of questions. As yet there is no answer to a single one of them.

Our correspondents explain the details.

In the words of Iranian Minister of Roads and Transport Akbar Torkan, construction of an unrivaled ship canal between the Caspian Sea and the Persian Gulf totaling more than 1,800 kilometers in length will began in Iran in the next few years. This artery, the minister believes, will ensure Iran's transport independence and facilitate direct communication with European states for it.

A trans-Asia canal scheme was prepared back in 1970 on the instructions of Shah Mohammad Reza Pahlavi,

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but it is only at the end of this century that its implementation has been deemed advisable in Tehran.

As we were told at the General Directorate for the Revival of the Russian Merchant Fleet and the Russian Federation Federal River Fleet Service (Rosrechflot), Iranian experts have decided to study the experience of the construction of similar canals in the former USSR (particularly the Volga-Don Canal) and to this end an Iranian delegation has been in Moscow to hold consultations with Rosrechflot on the possibility of a more systematic study of ship canal construction practice in Russia. Agreement has been reached on assisting Iran in familiarizing itself with Russian experience in building and maintaining the operational reliability of canals.

According to Rosrechflot data, the question of Russian assistance in building a waterway between the Caspian and the Persian Gulf is not yet on the agenda. But in view of the difficulties for Russian merchant shipping in the Bosporus and the Dardanelles the utilization of an alternative route making it possible to avoid these straits is of great significance for Russia.

We asked Russian Federation Ministry of the Environment and Natural Resources, Roskomvod [Russian Federation Committee for Water Resources], and International Projects Center experts to comment in the Iranian minister's sensational statement. Strange as it may seem, these interested departments have no official information at all on this score. And this is a cause of serious concern.

This, for example, was the reaction to the media reports from Yelena Lebedeva, chief of the Roskomvod Seas Department:

"Before making a decision on any economic projects it is necessary to determine the status of the Caspian Sea. The point is that the Caspian is a unique water system, but essentially it is not a sea and so the norms of international maritime law are not applicable here.

"When will the status of the Caspian be determined? That is unknown. Possibly in the fall, when a meeting of Caspian states' foreign ministry leaders takes place. It is assumed that this question will be among those on the agenda of the meeting.

"In addition it is perfectly obvious that without careful study of the possible ecological consequences of the construction of a Capsian-Persian Gulf canal there should be no question of starting construction. There is no doubt that there are bound to be consequences (both climatic and and consequences resulting from fluctuations in the water level and water quality in the Caspian). I believe that an international expert ecological commission must be set up to comprehensively evaluate the project." [Chichkin, Smolyakova report ends]

Call to the Iranian Embassy [headline of Shihkin report]

"The scheme for the construction of a canal linking the Caspian Sea and the Persian Gulf is a specific embodiment of the policy of creative development pursued by the Government of Iran," Embassy Press Secretary Shah Velayati replied to my request for a comment on the news. In his words, the Ministry of Construction Jihad is handling this project. The first steps to translate this idea into reality have been taken. Preliminary assessment of the scheme has already been carried out. Iranian experts are studying Russian experience in the construction of long-distance canals.

The attitude in Russia to the Iranian "project of the century," as the embassy press secretary noted, was "favorably disposed." Admittedly we failed to find a single person among the leaders of the corresponding ministries and departments who knew about the construction of this canal. Strange?

Russia: TV Program Views Drug Smuggling in Chechnya, Tajikistan

LD0508110496 Moscow Russian Public Television First Channel Network in Russian 0705 GMT 5 Aug 96

[From the "Man and Law" program presented by Konstantin Abayev]

[FBIS Summary] The program dealt with drug smuggling across the republics of the former Soviet Union, in particular Tajikistan and Chechnya.

According to a report by Aleksandr Senatorov, a meeting took place in one of the government summer cottages in Moscow on 9 December 1991 to discuss the transportation and drug smuggling capabilities of the Dudayevites in Chechnya.

Reporting on the Afghan link, Senatorov says that: "The drug smuggling groups established their first transport channels through their newly established links with field commanders in the north of Afghanistan in the 1980's along the lines of the KGB."

Returning to the Chechen narcotics corridor Senatorov says that: "There is a story that Dudayev fighters are waging their war on the basis of drug money."

On the Chechen link, journalist Anatoliy Baranov tells Senatorov in an interview that the possibility was examined of: "Exporting drugs from Chechnya to the production capacity of heroin on the base in Shali

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which is clearly not for home consumption. This is understandable because Chechnya is only small and cannot use so much heroin."

Senatorov continues his report by saying: "Today, due to the war and instability Chechnya is already not so suitable a corridor for transporting narcotics. However, one cannot say the same about Tajikistan."

On the Tajik drug corridor Anatoliy Baranov adds that: "Tajikistan, by the way, is much flatter and a calmer territory today and much more favorable for transporting narcotics through the so-called Pyandzh corridor. It is flat here and there have been no military operations here for a long time. Nevertheless, heroin passes through this route via the Pyandzh corridor."

Anton Surikov, a defense research institute worker, basing his information on an unidentified U.S. journal published in Germany, says that the main transit routes for drugs, primarily from Afghanistan to the West, are Tajikistan, Uzbekistan, the Chechen Republic, and the Baltic republics, particularly Estonia.

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Political Issues

Russia: Bomb Explodes on Chernomyrdin's Moscow Route

LD0608082796 Moscow INTERFAX in English 0822 GMT 6 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 6 (Interfax) — An explosive device containing about 250 grams of TNT exploded on the Rublevskoye Highway 40 meters from the Moscow ring road at 8:50 a.m. on Tuesday.

The blast occurred about three minutes before Prime Minister Viktor Chernomyrdin's car was due to pass the spot. At the time of the blast the car was about two kilometers away, a high-ranking police source, who preferred to remain anonymous, told Interfax.

The blast was so powerful that a traffic police post located nearer to the city center felt the earth shake and saw a column of smoke, he said. No one was hurt.

Officials from the prosecutor's office, Federal Security Service and police headquarters rushed to the scene. They included Major General Yegor Rozhkov, first deputy chief of Moscow's police force.

An investigation is under way. The device was either a remote-control explosion or a time bomb.

Russia: Explosion Claimed To Be Assassination Attempt on Chernomyrdin

LD0608082896 Moscow Radiostantsiya Ekho Moskvy in Russian 0800 GMT 6 Aug 96

[FBIS Translated Excerpt] [passage omitted] Another terrorist act has been committed in Moscow, which INTERFAX news agency has just reported.

An unidentified explosive device equal to about 200-250 grams of TNT went off at about nine o'clock this morning, on the Rublevskoye Shosse 40 meters from the ring road and within the city limits.

The blast took place about three minutes before Russian Prime Minister Viktor Chernomyrdin's car passed by. [passage omitted]

Representatives of the prosecutor's officer, Federal Security Service and the city Interior Ministry authorities immediately left for the site of the explosion. In particular, the first deputy head of the capital's interior ministry directorate, Major-General Yegor Rozhkov, has already visited the scene.

The method of detonation — radio-controlled or timer — is now being established. An investigation is underway.

I think that in the course of today's programs we'll report in detail on this terrorist act, which was apparently an attempt on the life of the Russian prime minister.

Russia: FSB Says Moscow Explosion Unlikely To Be Assassination Attempt

LD0608095996 Moscow ITAR-TASS in English 0946 GMT 6 Aug 96

[By Andrey Galkin]

[FBIS Transcribed Text] MOSCOW, August 6 (Itar-Tass) — Russia's Federal Security Service (FSB) has confirmed that a blast rocked a major artery linking many government residences with downtown Moscow on Monday morning but said that the incident was unlikely to be a life attempt.

The explosion went off at a cross of the Rublyovo-Uspenskoye Shosse and the Moscow Circular Road at 8.50 hours Moscow time (4.50 hours GMT), an FSB spokesman said.

The blast, which was probably a gas pipeline exploding, occurred in about 50 metres off the route, at a site where roadworks were conducted, according to the source.

The FSB department for Moscow and the region does not think the blast to be an attempt on the life of any of government officials who could drive along the road to their Moscow offices, the spokesman said.

Special service officers have arrived at the site to investigate into possible causes of the incident.

Russia: Gas Leak Suggested as Possible Cause of Moscow Explosion

LD0608085996 Moscow ITAR-TASS World Service in Russian 0840 GMT 6 Aug 96

[By ITAR-TASS correspondent Andrey Galkin]

[FBIS Translated Text] Moscow, 6 Aug (Itar-Tass) — The Federal Security Service directorate for Moscow and Moscow region confirmed to an ITAR-TASS correspondent that an explosion took place at 0850 Moscow Time today at a point where the Rublevo-Uspenskoye highway crosses the Moscow ring-road.

ITAR-TASS has been told by the directorate's press service that the explosion took place around 50 meters from the road. The source of the explosion is not yet known.

Repair and construction work is under way here and the explosion could have been caused by a gas leak.

The Federal Security Service directorate for Moscow and Moscow region are not yet linking the incident with any attempts on the lives of road users, the directorate's press service told ITAR-TASS.

Special services personnel are working on the scene of the incident.

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Russia: 'Experts' Report Moscow Explosion Caused by Grenade

LD0608084896 Moscow Mayak Radio Network in Russian 0800 GMT 6 Aug 96

[FBIS Summary] Mayak correspondent Anatoliy Fedorov, quoting "a competent source at the Russian Ministry of Internal Affairs," reported the explosion on Moscow's Rublevskoye highway today. He says: "The explosion happened approximately three minutes before Russian Prime Minister Viktor Chernomyrdin passed by, travelling from his residence outside Moscow toward the city center." In addition, he adds; "Experts are saying that it was an RGD-5 grenade [Degtyarev hand grenade]."

Russia: Chernomyrdin's Team Unruffled by Bomb Blast

LD0608092296 Moscow ITAR-TASS World Service in Russian 0855 GMT 6 Aug 96

[FBIS Translated Text] Moscow, 6 August (ITAR-TASS) — Russian Prime Minister Viktor Chernomyrdin's closest aides are drawing no connection between the explosion today of an unidentified device at the intersection of Rublevskoye Shosse and the Moscow ring road and an attempt on his life. He travelled along this route immediately after the incident.

Viktor Chernomyrdin was at work as usual at nine o'clock this morning, ITAR-TASS was told by sources very close to him. No additional security measures have been taken, nor have any changes been made to his schedule. Most of his aides learned of the blast from television reports. According to the Interior Ministry, the force of the blast was equivalent to 200-250 grams of TNT and took place 40 meters from the ring road along Rublevskoye Shosse. An Interior Ministry investigation is underway.

The sources did stress, however, that since the explosion took place on a route used by members of the government, the prosecutor's office and Federal Security Service have joined the investigation to identify the perpetrators and establish their motives.

Russia: Yeltsin Returns to Kremlin, Meets Chernomyrdin

AU0608104796 Paris AFP in English 1043 GMT 6 Aug 96

[FBIS Transcribed Text] Moscow, August 6 (AFP) — Russian President Boris Yeltsin returned Tuesday to the Kremlin after staying more than a month at a rest house in the Moscow suburbs to recuperate from health problems, his office said.

He met Tuesday at the Kremlin with Prime Minister Viktor Chernomyrdin.

Russia: Yeltsin, Chernomyrdin Discuss Situation in Chechnya

LD0608105596 Moscow INTERFAX in English 1041 GMT 6 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 6 (Interfax) — Russian President Boris Yeltsin had a working meeting with Prime Minister Viktor Chernomyrdin on Tuesday.

Yeltsin and Chernomyrdin discussed the situation in Chechnya, above all in the Chechen capital of Groznyy, in view of the rebels' armed provocations, the presidential press service reports. "The combat operations imposed on the federal troops by the separatists can only be neutralized by an adequate strike," they said. The same source reports that the federal troops were forbidden to use heavy weapons. "The prime minister stated that by midday the armed provocations were practically neutralized," said the press service.

The two officials also dwelt in detail on the situation in the Maritime territory of Russia's Far East in connection with the recent crisis in the territorial fuel and energy complex. Chernomyrdin said that the situation is getting back to normal and that people are reporting to work. "The president told the prime minister to follow the situation, to deal promptly with emergencies and do away with the causes of the crisis," said the press service.

The discussion further proceeded to the 1997 budget and to the budget priorities.

In addition to this, Yeltsin and Chernomyrdin discussed the formation of a new government. The president approved the plan for government restructuring proposed by Chernomyrdin.

The presidential inauguration ceremony, scheduled for August 9, was also discussed, the press service announced.

Russia: Yeltsin, Prosecutor Discuss Fight Against Corruption

LD0508154696 Moscow INTERFAX in English 1500 GMT 5 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 5 (Interfax) — Russian President Boris Yeltsin held a working meeting with Prosecutor General Yuriy Skuratov Monday, the presidential press service told Interfax Monday.

Skuratov briefed Yeltsin on his office's activities in the fight against corruption, the press service said. Both

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officials agreed that corruption was not only a criminal offense, but was closely connected with internal faults of the state machinery.

These issues are especially important in the context of today's task of forming a new Cabinet of Ministers and improve the personnel policy in general, Yeltsin said. He asked Skuratov to develop a pilot program for the fight against corruption.

Yeltsin and Skuratov thoroughly considered measures to implement the presidential decree on the fight against displays of fascism and other kinds of political extremism. Yeltsin stressed the need for a more efficient implementation of this decree and for raising the coordinating role of the Prosecutor General's Office.

Yeltsin also pointed out the unsatisfactory implementation of laws on the rights of servicemen, above all on the rights to certain privileges. The Prosecutor General's Office should develop a mechanism to guarantee servicemen's rights to these privileges, regardless from the procedure for funding particular bodies, he said.

Yeltsin also drew Skuratov's attention to the unsatisfactory fulfillment of his decree on additional social security measures for draftees, especially in the interior troops. This decree is not a one-time action as some officers think, and should be interpreted and implemented in a much wider manner, he stressed.

Skuratov also briefed Yeltsin on the progress of investigation of a number of socially important cases, the presidential press service reported.

Russia: Zaveryukha Not To Be 'Obstacle' to Chernomyrdin

MM0508135396 Moscow SELSKAYA ZHIZN in Russian 3 Aug 96 p 1

[Unattributed report: "Exchange of Compliments"]

[FBIS Translated Text] On 1 August M. Lapshin, chairman of the Agrarian Party of Russia, circulated a report via INTERFAX channels in which he stated that "if Aleksandr Zaveryukha is included in the new Russian Federation government, the Agrarian deputies' group in the State Duma (37 seats) will vote against the ratification of Viktor Chernomyrdin in the post of head of the Cabinet of Ministers."

In response to this, the editorial office yesterday received a statement by Government Deputy Chairman A. Zaveryukha. It says the following in particular: "I read the statement made by the chairman of the Agrarian Party of Russia with great bewilderment. The only response it evokes in me is deep regret. Following the Agrarian Party of Russia's overwhelming defeat in the Russian Federation State Duma elections in December, M. Lapshin was unable to make a critical assessment of the situation and his own personal mistakes. He would not accept the criticism from his comrades in arms which was expressed at a sitting of the party board...."

A. Zaveryukha also stated: "I have never held on to important posts, but have carried out work entrusted to me honestly and with complete selflessness. So if my tenure in the Russian Federation Government is found to be an obstacle to V.S. Chernomyrdin's ratification in the post of Russian Government chairman, I am prepared to cede this post to a worthy successor."

Russia: Stepashin: Yandarbiyev 'Undoubtedly' Behind Groznyy Attacks

LD0608094596 Moscow Russian Public Television First Channel Network in Russian 0800 GMT 6 Aug 96

[From the "Novosti" newscast]

[FBIS Translated Text] Today's main event is being played out in Chechnya. Fighting started in Groznyy at about 0630. Our special correspondents who are now in Khankala have just contacted us. Aleksandr Anasovskiy managed to interview Sergey Stepashin, executive secretary of the State Commission for a Settlement in Chechnya.

[Begin recording] [Stepashin] [video shows Stepashin in open-necked shirt and sunglasses, in woodland area with tanks around] It is becoming more and more obvious and understandable why our insisted wishes and specific proposals to continue the talks anywhere without preliminary conditions were thwarted.

Early this morning a small, at any rate about 150 men — most of the bandits were evidently in the town already — tried to provoke, to complicate the situation there.

They went through Chernorechye. There is shooting at government buildings and the situation at the train station has been especially complicated, and there is shooting there too.

None of the key buildings, as some people are announcing in our mass media, has been seized. There are direct communications with them now.

It is of course — from the local point of view of a peaceful town — a big provocation, but from a military point of view I think we will not have to speak of any serious combat actions. The situation is controlled by the military and so I think that by lunchtime the specific operational and other situations will be clear.

[Anasovskiy] Are there any serious casualties?

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[Stepashin] No serious ones yet. There are preliminary casualties — two internal forces servicemen killed and 11 wounded and that was at 0830. On the other side the losses are not known.

From all the evidence from interception so far it is clear that [Yagilayev's] gang is holding sway here, one of the most irreconcilable, who only understands one kind of language.

It is a town and no one is planning to mount large-scale military action. The shots you can hear do not affect the town of Groznyy at all. It is the exchange of fire along the green line and at possible routes of withdrawal and approach by gangs.

[Anasovskiy] Can it be considered that the fighters are acting on the orders of Yandarbiyev?

[Stepashin] Undoubtedly. And if not on his orders then with his full approval and consent. I do not want to say this as an official statement. But the question arises that evidently the negotiations should be done by other forces who really master the situation, and which really want peace in the Chechen Republic. [end recording]

Russia: Interior Minister Kulikov Interviewed on Current Issues

MM0608103996 Moscow ROSSIYSKAYA GAZETA in Russian 3 Aug 96 p 3

[Interview with Russian Federation Interior Minister Anatoliy Kulikov conducted by correspondent Vladimir Yanchenkov; place and date not given: "Anatoliy Kulikov: We Won't Supplant the Tax Police but We Will Help To Get Billions Back for the Country"]

[FBIS Translated Text] Exactly a year ago, ROSSIYSKAYA GAZETA was the first to publish an interview with Anatoliy Kulikov who had only just been appointed Russia's minister of Internal Affairs. Since then much has changed both in the sociopolitical and in the criminal situation in the country. Out correspondent chats with the minister about certain problems of the department's activity.

[Yanchenkov] What role is the president's edict on stepping up the struggle against crime in Moscow and Moscow Oblast called upon to play?...

[Kulikov] Probably we should be talking today not just about the edict on the Moscow region which has been signed but also about the edict which has been prepared and submitted for the president's signature concerning urgent measures for fighting crime throughout the country as a whole.

If we are to comment briefly on these documents, their essence is that we, unfortunately, have so far not obtained that essential legislative basis which would free our hands and make it possible to combat crime more effectively, including organized crime. Therefore we believe that permission from the president to take all necessary steps should be that basis for us.

What do I have in mind? For instance, at present we have no mechanism for declaring incomes. But in the document which has been prepared for the president's signature we point out that in cases where it is clear even to the naked eye that a person is patently living on unearned money, we are entitled (in contact with the prosecutor's office, of course) to demand that this person submit a declaration of his income. If he cannot prove their legitimacy, then, I'm sorry, but we shall take the necessary steps.

We very much hope that the president's new edict will be signed.

[Yanchenkov] All the same, turning to the presidential edict on the Moscow region. One often hears that the edict has not been properly worked out and is directed principally against bums and beggars, while the main and most dangerous types of crimes remain, as it were, on the sidelines....

[Kulikov] I believe that such criticism does not hold water. And the proof of that (I'm knocking on wood here!) is that after this edict was adopted, as everyone can see, there have been no new explosions in Moscow. And this is because in execution of this edict, the law-enforcement organs of Moscow and Moscow Oblast have taken all the necessary measures, and powerful support for the decisions has been provided by Moscow's mayor and the governor of Moscow Oblast. Work has been launched on a very wide scale. A staff for the implementation of the president's edict is working efficiently. I have conversed with many Muscovites and you can surely confirm that it has become markedly more tranquil in Moscow.

The number of street crimes has fallen. Incidentally, let me say at once: Over the first half-year street crime throughout the country as a whole has fallen by 21 percent. This is a very impressive and gratifying fact.

[Yanchenkov] In some of the mass media a negative attitude to the Ministry of Internal Affairs' readiness to undertake some of the functions of the tax police has been expressed. Is it, they say, that the Ministry has not enough to do?

[Kulikov] Thank you for that question. Yes, some people in the press have inveighed against Artyukhov [head of Russian State Tax Service] and me, and especially against me. Here I can see clear lobbying by

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certain forces and a patent reluctance to let any outsider into the "tax garden."

But the question is absolutely straightforward. Given the present state of observance of the laws, 20,000 tax police are not capable of coping with the present huge amount of tax evasion. After all, each month only one third of taxes payable are collected. Do you think that I want to take on an additional burden? Yes, if my colleagues and all the citizens of Russia regularly received their wages.... I have just signed a telegram to the Government to say that not a ruble has yet been received in the Ministry during July.

We have conducted just one experiment in St. Petersburg. Having linked up with the tax police, in just one day at two of the city's markets the police saw to the collection of about 1 billion rubles in taxes. A billion for the treasury in just one day! And I am in a position to supply 300,000 policemen who are not going to be taking bribes but operating strictly according to a specially devised flow chart.

Of course we do not intend to supplant the tax police and devote ourselves to taxes permanently. But we are, after all, simply obliged to help our government and ultimately our people.

[Yanchenkov] Let us begin with what troubles you most, as a minister, in your department? What intraministerial problems disturb you?

[Kulikov] Apart from the problems of the clear-up rate of serious crime, and the growth of economic crime, I am worried by discipline and by the observance of legality by the police staffers themselves.

Our directorate covering our own security has carried out a series of investigations and some conclusions have already been submitted to me. Certain leaders have lost their sense of proportion, are acquiring real estate and costly imported cars by deception, and are committing other acts which are against the law. Criminal cases against uniformed lawbreakers have already been instigated and sent to the prosecutor's office. If they do not go to trial we will nevertheless give them a dishonorable discharge from our ranks. And everyone will hear about this.

[Yanchenkov] And now the last thing. We cannot fail to touch on the painful wound of Chechnya. What is your assessment of the situation in the Republic of Chechnya today?...

[Kulikov] It is a contradictory situation. Large-scale combat operations are subsiding. This is natural as the subunits of the federal forces are already reached the southern borders of Chechnya and virtually all the big gangs have been routed. But are we, the internal troops and the internal affairs organs, in a position to establish total control? We are not and evidently there is no need for this.

Will we be able to fulfill our task solely with the aid of military hardware? We will not be able to do that either. I am sure that the solution can only be guaranteed by political methods.

Effective political decisions are needed. I am not prepared to issue any kind of recipes, but I can share my proposals with you.

First, we must bring economic levers into play. It is a question of, let us say, privatizing enterprises, and implementing a future Land Law.... That is, today we must counter the rosy-hued promises of the separatists (remember, Dudayev promised to transform Chechnya into Kuwait?) with a specific and realistic program of socioeconomic construction. Land should be conveyed to people in exchange for the relevant payment (as you will yourself understand this is a very complex issue in the North Caucasus by dint of the historical realities), privatization should be commenced, and the populace should be brought into the creative process.

It would also be necessary to take a look at the Chechen diaspora abroad. From what viewpoint? How would the foreign Chechen diaspora like to see Chechnya? If it wants itself to participate in some way in providing investment for the republic's economy and obtaining a certain share of the income, let us meet them halfway. In that case instead of supporting the separatists, the same Saudi Arabia, Jordan, and Turkey could say: Excuse me, there is a normal, legal path for the development of Chechnya within the framework of the Russian Federation after all, and we can have our economic interests in Chechnya, make investments and receive profits. That is, more competent and precise work is needed in this direction.

I repeat, there is no military solution to the Chechen conflict. I believe that an important part in a peace settlement must also be played by the administration of Doku Zavgayev which at a certain stage could enter into cooperation with that rational part of society which at the present time is in opposition to it.

[Yanchenkov] So then, what about Raduyev? Is it really him or not? And how far does his statement that Dudayev is also alive accord with reality?

[Kulikov] There is a substantial probability, somewhere about 80 percent, that the man who has turned up in Chechnya really is Salman Raduyev. His conduct is perfectly understandable. In this instance it is a question of a power struggle between the clans of Yandarbiyev

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and Dudayev. Therefore Raduyev is demanding that people come to terms with him: And then what if suddenly Dudayev too is really alive? But if you accept this version then it is devastating for Dudayev himself. It emerges that he is now simply a political corpse. He abandoned the republic and his kindred spirits and took to his heels. All the same, I believe that Raduyev is bluffing in the hope of grabbing a tasty piece of the pie.

Russia: Many Chubays Cohorts Expected To Rejoin Presidential Staff

MK0608102596 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 6 Aug 96 p 1

[Article by Iosif Galperin: "'Have You Received Your Voucher Yet?' — "]

[FBIS Translated Text] "Have you received your voucher yet?" bureaucrats on Staraya Square are asking one another. During previous reorganizations they asked whether a fellow bureaucrat had gotten a "mustard plaster," [slang word for yellow card in soccer, here meaning dismissal notice] by analogy with soccer. Now that Anatoliy Chubays has become presidential chief of staff, some other analogies are in use. They are interested in knowing the same things: Who has gotten a dismissal notice and who among previously dismissed mid-level officials can go back to their duties, albeit it in the new structures of the presidential staff. Much should become clear by the end of the current week.

Presidential Edict No. 1101 of 25 July allowed a month for reorganization of the presidential team; as many people know, it also spoke of the dismantling of four main administrations of the staff and the dismissal of its employees. Naturally, no one ever expected that Staraya Square would stop doing what it used to do. This will now simply be done by some other people in other offices to be recruited by the new chiefs of new structural subdivisions. Under the same edict, these chiefs are to be named not in a month's time, but within a two-week period that is drawing to an end.

Remarkably, the only two main administrations that have not been subjected to "dismantling" are the State Legal Administration and the Control and Auditing Administration [KRU], which proved essential under all previous reorganizations. Aleksey Kudrin, whom Chubays knew when both were in St. Petersburg, has become chief of the KRU — the most formidable of them all. Indeed, early this year, after Anatoliy Borisovich quit as first deputy premier, a wave of preparations for a new "Leningrad case" swept the executive branch and all financial offices and all those hailing from the city on the Neva were announced as candidates to at least loose their positions....

However, it was his opponents who have lost theirs. And those whom they harassed are returning to the helm. Among them, perhaps, is Sergey Gryzunov, unseated as press minister by the Korzhakov-Poltoranin "gosudarstvenniki [those devoted to the promotion of the greatness of the Russian state]." Predictably, he is to fill the last vacant position of deputy chief of staff for, naturally, information policy. If this is right, we will find out before week's end.

Russia: Communists To Make 'Numerous Demands' on Government

LD0508113496 Moscow INTERFAX in English 1108 GMT 5 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 5 (Interfax) — The meeting of the Communist Party of the Russian Federation's ruling body to be held on August 6 will make numerous demands on the new Russian government, party leader Gennadiy Zyuganov told a news conference in Moscow Monday.

He did not say what these demands would be but added that the authorities will have to heed them.

"We would like the prime minister to outline the concept of the new government's activities and the principles under which it will be formed but he has not done so," he said.

The society's decay is continuing, said Zyuganov. In particular the state's property is continuing to collapse, joint stock companies have not started normal operation, private property has not come of age and the policy towards individuals buying consumer goods abroad and selling them in Russia reflects this, he said.

Zyuganov said he does not believe that the government cannot pay back wages to 15,000 miners. Certain unspecified groups want the tension in that and other parts of the country to increase on the eve of the State Duma debating the nomination for prime minister, he said. "A very big game is underway aimed at further disintegration of the Russian Federation," Zyuganov said. He did not elaborate.

Military Issues

Russia: Defense Complex Said in Grave Financial Plight

MM0508143596 Moscow KRASNAYA ZVEZDA in Russian 3 Aug 96 p 3

[Report by Vitaliy Vitebskiy, deputy chief of the Economics Department at the Russian Federation Ministry of the Defense Industry: "Statistics: The Military-Industrial Complex in the First Half-Year"]

[FBIS Translated Text]

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Industry

According to current data, the total volume of industrial production (in comparable prices) in June 1996 was 73.2 percent of the June 1995 figure.

The worst results for production volumes in June 1996 compared with the level in June 1995 were achieved by the following departments: communications equipment industry (57.7 percent), electronics industry (60.6 percent), and munitions and special chemicals industry (65.7 percent).

The dynamics of the change in the volume of production, both on a monthly basis (see diagram one) [Note: This diagram comprises a histogram entitled Rate of Change of Volumes of Production in the first half of the year as a whole for the Russian Federation Ministry of the Defense Industry. Owing to the peculiarities of the layout of this simulated three-dimensional depiction and the possiblity of a garble in the labeling, a meaningful and accurate reproduction of the data represented therein is not possible.]; and on a yearly basis (see diagram two) attest to a continuation of the slump. Moreover, the rate of the slump is slowly increasing. The measures adopted in recent months for the repayment of the state's debts have not so far led to any appreciable change in the dynamics. In part, the reasons for this lie in the fact that the money arrived at many enterprises only two or three weeks ago and is still continuing to arrive.

Diagram two: Dynamics of Production Volumes in the Russian Federation Ministry of the Defense Industry—Expressed as percentages of 1991 figures

Year	Goods as a Whole	Civil Output	Military Output
1991	100	100	100
1992	80.4	99.6	49.5
1993	64.6	85.6	32.5
1994	39.2	52.6	19.9
1995	31.2	41.3	16.6
1996 (expected)	22.9	27.1	14.3

Civil Output

The volume of production of civil output in comparable prices in June 1996 was 65.7 percent compared with June 1995.

Military Output

The volume of production of military output (in comparable prices) in June 1996 was 86.1 percent compared with June 1995.

Production of Nonfood Consumer Goods

In June 1996 nonfood consumer goods valued at 514 billion rubles [R] were produced, and since the beginning of the year — R3.472 billion. The index of the physical volume of production of nonfood consumer goods in June 1996 was 56.4 percent of the June 1995 figure.

The worst results for the production of nonfood consumer goods were achieved by the following departments:

— space-rocket industry — 33.6 percent;
— electronic industry — 41.8 percent
— shipbuilding industry — 42.2 percent;
— radio industry — 44.6 percent;
— munitions and special chemicals industry — 52.3 percent of the June 1995 figure.

Labor Indicators

Numerical Strength

In May 1996 compared with May 1995 the average number of workers on the roll in the ministry as a whole had declined by 13.6 percent (in industry it had declined 13.8 percent, of which the number of industrial-production personnel declined by 13.6 percent).

Wages

The average monthly earnings per worker in May 1996 throughout the ministry as a whole was R534,000 (for your information: in the national economy the figure is R779,000, in industry R887,000, in machine building R589,000).

The lowest wage level was found in the electronics industry. It amounted to R356,000.

The highest level of earnings was at enterprises of the shipbuilding industry: R730,000.

Financial Indicators

In the first half of 1996 the enterprises and organizations of the Russian Federation Ministry of the Defense Industry received from the budget 46.3 percent of what the adopted Law on the budget projected that it would receive for the first half of the year. At the same time R1.099 trillion was received from the budget and over the same period enterprises transferred R1.289 trillion

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into the federal budget (R4.006 trillion) into budgets at all levels.

Enterprises' accounts payable stand at R54.673 trillion, and accounts receivable — R23.661 trillion. These figures show that the financial condition of enterprises of the defense complex is very grave and in fact irremediable for many.

Russia: Charges Against General Rokhlin Viewed

MM0208121996 Moscow IZVESTIYA in Russian 30 Jul 96 pp 1, 5

[Article by Valeriy Kornev, Igor Korolkov, and Viktor Litovkin: "Counterblow. Does General Rokhlin Want To Be Free of All Suspicion?"]

[FBIS Translated Text] The sensational speech by Defense Committee Chairman General Lev Rokhlin at a State Duma session was a bombshell. Rokhlin criticized certain Defense Ministry leaders, accusing them of corruption and theft.

In a television interview Rokhlin said that, following his criticism, they will now start looking for material to incriminate him. Indeed, the media soon started saying that certain circles had started scheming against the general. From the garbled reports it was possible to figure out that the incriminating material was being assembled by staff of the Volgograd FSB [Federal Security Service] and the General Prosecutor's Office.

IZVESTIYA conducted its own investigation to establish what is actually happening.

We learned that in December 1995 an investigation team from the Russian General Prosecutor's Office instituted criminal proceedings for conspiracy to murder a Chelyabinsk businessman. The trail led to Volgograd and the 8th Guards Corps, commanded by Lev Rokhlin. Colonel Zelenko, former corps intelligence chief, now stands accused of attempted murder.

During the investigation, officers came across a disheartening fact: The pistol with the silencer taken from the killer hired for the murder allegedly belonged to Corps Commander Rokhlin. They checked it out. It turned out that Rokhlin had nothing to do with the gun and the note that the pistol belonged to him had been made by mistake.

That is how it all began. The investigation was obliged to look into Rokhlin's possible involvement in the crime. Especially since Col. Zelenko was not simply chief of intelligence, but was also very close to the corps commander. It turned out later that both were involved in commercial activities.

Gen. Rokhlin and Col. Zelenko were busy setting up the voluntary society of "Reserve Soldiers and Officers." The general was behind this venture. He did not figure either among the founders of the society or among its members, but, as one of the corps' officers said, Rokhlin even kept the society's seal with him, not to mention the fact that no decision was made without his knowledge.

The society's objective, as the incorporation documents said, was to help reserve soldiers to find jobs and apartments. Four commercial structures were set up under it: the "Saturn-2" security bureau, the "Roza Vetrov" store, the "Rassvet" restaurant, and the "Terminal" firm.

First, the store. The editorial board possesses a Xerox copy of the minutes of a meeting of the coordinating council of the voluntary society of "Reserve Soldiers and Officers," dated 21 January 1994. The meeting unanimously decided to "create the requisite funds to acquire the store on the basis of specific loans by the aforementioned members of the society." There are 11 people on the list. They include Rokhlin, his wife, his brother-in-law, and Col. Zelenko. According to the minutes, signed by the meeting chairman and secretary, Rokhlin put in 19.3 million rubles [R], his wife put in R12 million, and his brother-in-law put in R15.7 million.

You will agree that these were considerable sums in 1994, far in excess of the earnings of a corps commander. A reliable source claims that the general and his wife and brother-in-law did not have to scrape together the money from the household budget. A sugar purchasing operation was carried out. The "Volgogradvodstroy" Joint-Stock Company transferred R200 million to the society of "Reserve Soldiers and Officers" to acquire 500 tonnes of sugar, R196 million of which was transferred to pay for the store.

When the audit was carried out no documents relating to the sugar purchase were found. A scandal was brewing. Rokhlin and his family and their companions had to pay off the debt.

One of us visited the "Roza Vetrov" store. An excellent store, well equipped, with a wide range of food and industrial goods.

We were able to learn about the way the "Saturn-2" security enterprise operated not only from documents, but also from personal contacts with one of the 8th Corps servicemen introduced to commercial activity by Rokhlin. The documents show that the "Krasnyy Oktyabr" Plant in June 1994, and the "Volgogradvodstroy" Joint-Stock Company in December that year, were guarded not by "Saturn" staff, but by soldiers on military service and contract servicemen from the "Skorpion" reconnaissance battalion. They had been sent there

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by the corps commander. The money for the security operation, R53 million, was transferred to the society of "Reserve Soldiers and Officers."

Here is a more recent example. In 1995 a South Korean firm built a residential area for servicemen in the settlement of Marinovka. Officers and men of the reconnaissance battalion contracted with the firm to guard it. They received payment for this on top of their military pay, but by a very unusual method. The commander responsible for security received cash from Rokhlin, but nothing was signed for. Then the soldiers were given R3,000-4,000 each and the officers R20,000 each, again without anything being signed for. It was merely noted in an notebook.

The general director of "Saturn-2" was Sergey Abakumov, Rokhlin's brother-in-law.

At the very beginning of the Chechen war, federal Air Force aircraft destroyed 150 of Dudayev's aircraft at Khankala airfield. A competent source claimed that Gen. Rokhlin created a special battalion to cut up and take the aircraft to Volgograd. The purpose of this action was to use the proceeds to acquire apartments for servicemen and their families.

They managed to earn R900 million. This bought them 12 apartments.

In carrying out this operation, Rokhlin, specialists claim, violated a whole series of Defense Ministry orders and directives (the general himself claimed that he had received authorization from Colonel General A. Kvashnin, commander of the North Caucasus District). In particular, they scrapped equipment that did not belong to the 8th Corps; the nonferrous, high-alloy, and precious metal had been sent for scrap for some reason not via the Defense Ministry; and the money for the commercial sale of the metal had not been paid to the ministry, but had been spent in situ.

One expert believes that, following the industrial reprocessing of some aircraft parts, they should have gotten at least 50 kg of pure silver and 22.5 kg of gold.

But during this commercial operation 70 kg of auriferous metal disappeared without trace.

Colonel Sergey Vasilyev, chief of staff of 8th Corps air defense forces, who took charge of the cutting up of the aircraft in May-July last year at Rokhlin's behest, explained the disappearance of the precious metals as follows:

"They were driving around laden trucks, trying to sell the silver and the terminals, which contained gold. In the end 70 kg of gold terminals disappeared."

When he criticized the Defense Ministry leaders in the State Duma, Gen. Rokhlin showed that he was clearly aware of what is going on in the Army: "A check has shown that there is no proper accounting and monitoring of valuable materials, which creates extensive opportunities for abuses and theft."

Consequently, the general was clearly aware what kind of abuses might result from a commercial operation involving smashed-up aircraft.

The Volgograd garrison military prosecutor's office refused to institute criminal proceedings, since it did not regard the removal and reprocessing of aircraft scrap as a violation of legislation. But specialists believe that many questions remain unresolved. For example, how legal was Rokhlin's order to cut up and remove property that did not belong to the 8th Corps? How legal was the commercial sale of the nonferrous scrap metal and why was the scrap not sold in accordance with the established rules? The actual value of the precious and rare-earth metals remains unclear.

The criminal investigation into the case of attempted murder revealed several facts to which the investigators did not attach special importance, but which should nonetheless be mentioned, since they concern the chairman of the State Duma committee.

The editorial board has received information signed by the chief of the 8th Corps administrative and economic department and dated 14 May this year. It says: "Up until now Guards Lieutenant Gen. L.Ya. Rokhlin has been on the unit rolls and has been eligible for all types of allowances because there is no order on his transfer."

Moreover, reconnaissance battalion soldiers regularly go from the 8th Corps to Moscow to serve in the general's personal security team. They are sent with their personal weapons. Is this compatible with the law and with a deputy's moral standards?

One of us met with General Rokhlin and put these unpleasant questions to him.

When he saw the copy of the minutes on the creation of the voluntary society, which say that Rokhlin and his wife and brother-in-law invested large sums in the purchase of the store, the general replied: It is a complete lie. His wife and brother-in-law invested money, that is true, but he personally did not. The editorial board has in its possession a credit slip which says that the general invested this sum and it bears his signature (we reproduce the slip on this page).

The report that Rokhlin was still listed in the corps for all types of allowances is a misunderstanding, the general believes. He received all types of allowances

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up to 31 January 1996, he received rations in February, but has not received anything else. This is evidenced by Xerox copies of documents the editorial office received from the Duma.

Rokhlin claims he left the corps officially, and the fact that the precious metal went missing has nothing to do with him. The security people are summoned to Moscow because he trusts them. It is done by order of the chief of General Staff.

General Rokhlin admitted that for a while he had authorized the reconnaissance battalion to guard the "Krasnyy Oktyabr" Plant and the valuable materials of the South Korean firm constructing the military camp. Rokhlin personally had received $20,000 from the Koreans for the security work. He claims that with this money the corps had acquired special equipment to afford protection against Chechen terrorists. There is an invoice to that effect.

We were told by a reliable source that it was ultramodern specialized equipment. It enabled corps servicemen to carry out surveillance in Volgograd. They could hear conversations between top people in the oblast and city and oblast FSB and Internal Affairs Administration leaderships. The FSB discovered that the surveillance was taking place and Rokhlin was repeatedly warned that his actions were illegal.

Gen. Rokhlin was asked:

"Did you use this ultramodern equipment to bug the Volgograd Administration's conversations during the election?"

"They wanted this to be done. (The tone which the general used to utter these words indicated that he had not done this — authors' note) I made no secret of the fact that I did have this equipment."

"Which not even the FSB has?"

"Which not even the FSB has. This is the latest U.S. equipment for detecting electronic bugs and scanning the airwaves. It scans the airwaves instantaneously, doing so automatically, and captures everything, whatever is said by anyone. Exactly what we needed."

Let us note that this is an extremely risky admission. Essentially, the general confirmed that he can, without any trouble at all, bug conversations between his political opponents and between the organs of power.

The gathering of compromising material against him is attributed by Rokhlin to the fact that he had failed to establish relations with the Volgograd Oblast Internal Affairs Administration, the Federal Counterintelligence Service, and City Mayor Chekhov personally. "They want to neutralize me on the eve of the forthcoming city elections," he said. "Everything I did was only for the benefit of our corps' officers and their families. If anyone can prove otherwise, let them take me to court."

Gen. Rokhlin has considerable service to the fatherland to his credit. Nobody can take that away or belittle it. Nor can the officer's personal courage be belittled. Unfortunately, however, questions which demand a clear-cut answer arise today: Was Gen. Rokhlin involved in corruption or not?

Could it be that all the rumors about him and all the facts which have emerged have not been thoroughly checked by the investigating officers, that they may be groundless?

Assumptions are already being voiced that Rokhlin's Duma speech and his exposure of corruption among the Defense Ministry leadership are a painstakingly planned warning strike for the purpose of diverting similar criticism against himself. It would be a pity if corrupt persons with general's rank could evade liability by using the well-known dictum: "And who will judge the judges?"

In a letter to Gen. Rokhlin, Russia's Deputy General Prosecutor V. Kolmogorov stated: "The chief of the General Prosecutor's Office Investigations Administration has been given written instructions to conduct an investigation of the case in line with legal requirements and only as regards persons involved in attempted murder, without permission to conduct any investigation not connected with the crime in question." In other words, the Prosecutor's Office leadership does not deem it necessary to investigate all the aforementioned facts. This means that the question regarding Gen. Rokhlin remains open and this, in our opinion, will benefit neither Lev Yakovlevich himself nor the struggle against corruption.

Regional Affairs

Russia: Chechen Commission Head Gives Rebel Leader Ultimatum

LD0608114496 Moscow Russian Television Network in Russian 1000 GMT 6 Aug 96

[From the "Vesti" newscast]

[FBIS Translated Text] Only yesterday in an interview for our program, Sergey Stepashin, secretary of the State Commission for a Settlement in Chechnya, expressed confidence that peace talks were realistic. Today, the situation has changed. Our correspondent met Stepashin again and against a background rumble of guns, Sergey Vladimirovich made different statements.

[Begin Stepashin recording] Half an hour ago I had a talk with Tim Guldimann [head of OSCE mission].

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Prior to that I contacted Russian Prime Minister Viktor Stepanovich Chernomyrdin, and through Tim I made an official statement to Zelimkhan Yandarbiyev on behalf of the state commission. Unless Yandarbiyev declares within the next two hours that the actions of Gelayev's bandits — who are now in the city of Groznyy — are in no way connected with his orders or instructions, and that he condemns these actions — that is the first thing — and second, unless immediate actions are taken by both Maskhadov and Yandarbiyev to ensure the withdrawal of illegal armed formations from there [Groznyy], our state commission will be forced to declare that there will be no further talks whatsoever with them, neither within the framework of the commission nor at a personal level, even though Yandarbiyev offered to meet Guldimann in the mountains on 8 or 9 August. So I expressed this position. In addition, I officially appealed to Guldimann, head of the OSCE mission — incidentally, this statement was also agreed with the Russian prime minister — to firmly and categorically condemn the actions being taken by the other side.

I would like to reiterate that there are people with whom we can talk today and evidently, very soon, we will have to alter both our political assessments and the line-up of those forces on the other side with whom we are going to conduct an active dialogue. If you don't mind I would rather not give any names because these are people who are at present outside the government and they do not back Yandarbiyev. They represent a number of public organizations and movements. These are people of serious, quite serious clans, people who are highly prestigious and respected. Incidentally, I had contacts with these people in Groznyy yesterday after dinner.

Russia: Federal Troops Reported in Control of Groznyy

LD0608092996 Moscow INTERFAX in English 0857 GMT 6 Aug 96

[FBIS Transcribed Text] GROZNYY, Aug 6 (Interfax) — The situation in the Chechen capital of Groznyy is controlled by the command of Russian federal troops, Maj. Igor Melnikov, spokesman for the Russian troops in Chechnya, told Interfax on Tuesday.

No Russian Defense Ministry troops have been brought to Groznyy, he said.

Chechen separatist militants under Ruslan Gelayev, earlier stationed in the Chechen district of Shatoi, entered Groznyy in the early hours of Tuesday, the spokesman said.

"The units of separatists numbered between 150 and 200," the spokesman said.

Combat actions in Groznyy had become less active by noon, the spokesman said, adding that Russian ground-attack air power "did not work" on Tuesday.

According to sources in the federal troops staff, the operation to clear Groznyy of separatist militants is being supervised by Col. Gen. Anatoliy Kvashnin, commander of the North-Caucasian Military District.

"Chechen militants blockaded five armored personnel carriers of Russian Interior Ministry troops in Argun [some 15 kilometers away from Groznyy]. Russian servicemen are fighting against the attackers," a source in the Russian federal troops staff told Interfax.

Russia: Commander Says Groznyy Attack Ordered by Yandarbiyev

LD0608082496 Moscow ITAR-TASS in English 0744 GMT 6 Aug 96

[By Boris Kipkeyev]

[FBIS Transcribed Text] MOSCOW, August 6 (Itar-Tass) — There is intelligence to indicate that the Tuesday rebel attack in central Groznyy was a planned action ordered by separatist leader Zelimkhan Yandarbiyev, Lieutenant-General Konstantin Pulikovskiy said.

Pulikovskiy, the acting commander of federal forces in Chechnya, told Itar-Tass by the phone today that there are tips that Yandarbiyev is going to come up with a statement about the attack in three days.

Pulikovskiy said the rebels' plan was to seize government offices in central Groznyy, but strong resistance from federal troops had aborted this.

The general said the political goal of the attack was to wreck the peace initiatives of the Russian delegation led by Nationalities Minister Vyacheslav Mikhaylov, now staying in Chechnya, and of the meeting between the commander of the North Caucasian military district, Anatoliy Kvashnin, and the Chechen top military commander, Aslan Maskhadov.

At 6.55 a.m., five 30 to 50-member groups of rebels launched fire attacks on Russian check-points, two police stations and storages of a cargo station.

Fire from federal forces had the rebels retreat.

Pulikovskiy said earlier intelligence had indicated that rebels were infiltrating into Groznyy, so the provocation was expected.

He said the situation in Chechnya is on the whole quiet now, except in the town of Argun.

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Heavy shootouts flared in early hours of Tuesday on its southern outskirts between a Russian motorised rifles battalion deployed there and rebels.

Russia: Chechen Rebel Leaders Deny Complicity in Groznyy Fighting

LD0608080996 Moscow ITAR-TASS in English 0754 GMT 6 Aug 96

[By Boris Kipkeyev]

[FBIS Transcribed Text] MOSCOW, August 6 (Itar-Tass) — Accordi.g to information received from Groznyy, Akhmed Zakayev, assistant to head of the self-proclaimed "republic of Ichkeria" Zelimkhan Yandarbiyev, denied complicity of the Chechen separatist leadership in the Groznyy fighting on Tuesday, Itar-Tass learnt from Isa Aliroyev, the representative of the Chechen Republic at the Russian president.

According to Aliroyev, Zakayev claimed that the attempt of bandit groups to break through to Groznyy's centre was an action by "irreconcilables" to torpedo a meeting between representatives from the federal centre and the leadership of separatists on a political and military settlement, which was scheduled for this Tuesday.

Zakayev expressed hope that the latest developments in Groznyy will not affect the course of a peaceful settlement.

Aliroyev stressed that the Chechen government believes today's attack by gunmen was of clearly criminal nature, since the main strike was inflicted on the freight railway station where a lot of building materials and other goods were stored.

Gunmen also stormed the Kredobank office. As for strikes on the police departments in the Staropromyslovskiy and Zavodskoy districts as well as operations by sharpshooters, their actions were of diversionary nature.

According to Aliroyev, he had a telephone conversation with head of the Chechen Republic Doku Zavgayev who reported that groups of gunmen in Groznyy were enveloped and are now being destroyed.

Russia: Scenes of Fighting in Groznyy Described

LD0608073596 Moscow Russian Television Network in Russian 0700 GMT 6 Aug 96

[From the "Vesti" newscast]

[FBIS Translated Text] The situation deteriorated drastically in Groznyy this morning. About 400 rebels entered the city at 0700. Battles have been in progress practically non-stop in various districts of the Chechen capital. The Russian command has banned journalists from moving about in the city because of the danger. So our correspondent Abrek Baykov can report only by telephone.

[Baykov] The rebels' attempt to seize Groznyy took place at dawn and, as is now becoming apparent, has not scored any significant successes. Nonetheless, there was fierce fighting in several places in the city. The rebels moved along two directions: toward the central market and toward the railway station. Their progress was halted by Chechnya Interior Ministry forces with help from federal forces manning checkpoints.

After that, several centers of fighting appeared in the city. According to reports received from the Interior Ministry, up to 200 rebels were stopped at the border between Staropromyslovskiy and Zavodskoy districts. They are putting up well-organized resistance, particularly so in the area of the main post office.

Helicopters appeared over the city at about 0800, which were probably on reconnaissance missions. They were later replaced by ground-attack aircraft. Judging from the sounds, the aircraft struck at rebel positions.

The first reports of casualties are coming in. Next door to us, at the Dinamo stadium, a wrecked armored personnel carrier is ablaze. Two special purpose militia detachment [OMON] members were killed in that incident. That is not, of course, the final casualty count. But there are no reliable communications with either the government or its press office, nor with the OSCE mission.

OSCE Ambassador Tim Guldimann, whom I managed to call by phone at about 0800, declined to make any comment on the events. But his phone is now disconnected.

The shooting has died down noticeably in Groznyy now. For how long is hard to say. The fighting will probably resume when darkness falls. The city is dead, the streets are empty, people prefer to sit it out at home. We're waiting to see how events develop.

Russia: Chief Russian Negotiator in Groznyy Consults Chernomyrdin

LD0608071296 Moscow INTERFAX in Russian 0639 GMT 6 Aug 96

[FBIS Translated Text] Groznyy, 6 Aug INTERFAX — Vyacheslav Mikhaylov, head of the federal delegation to Chechnya peace talks, this morning spoke to Russian Prime Minister Viktor Chernomyrdin by phone.

Mikhaylov briefed Chernomyrdin on the situation in the Chechen capital, INTERFAX was told.

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It is now clear why rebel chief of staff Aslan Maskhadov has been dragging out the work to resume talks, the delegation head said. "During that time, the separatists were planning a large-scale operation", he commented.

Russia: Chechen Spokesman Says Groznyy Operation Not To Affect Settlement

LD0608064496 Moscow INTERFAX in English 0618 GMT 6 Aug 96

[FBIS Transcribed Text] SOUTH CHECHNYA, August 6 (Interfax) — A member of the opposition delegation to the talks on the settlement in Chechnya, Akhmed Zakayev, has said the "special operation" of separatists in the Chechen capital of Groznyy is local and cannot affect the process of a peaceful settlement of the conflict in Chechnya.

By 8:00 a.m. on Tuesday, Chechen military formations had "reached their prescribed targets and lines," Interfax was told at the militant headquarters.

Russia: Chechen Rebels Claim Gudermes Taken Without Fighting

LD0608085196 Moscow INTERFAX in English 0842 GMT 6 Aug 96

[FBIS Transcribed Text] SOUTH CHECHNYA, Aug 6 (Interfax) — The Chechen rebels have taken control of Gudermes, the second biggest Chechen city and the biggest railway junction in the republic, 40 kilometers to the east of the Chechen capital of Groznyy, practically without any fighting, Interfax was told at the separatist headquarters.

The Chechen militants said part of the local police went over to the separatist side together with their arms. Talks are under way with the personnel of the commandant's office and check points of federal forces on their withdrawal for the sake of preventing armed clashes.

The separatist spokesman said the situation in Gudermes is calm, with no exchanges of fire and all public buildings and vital communications controlled by the militants.

Exchanges of fire were registered at noon in Argun, 15 kilometers to the east of Groznyy, but "one can say that the town is also under the full control of the opposition," the opposition command said.

Separatists managed to blockade the Argun police station, the press center of the Interior Ministry troops told Interfax. "Steps are being taken to lift the blockade," the spokesman said.

According to the opposition, hostilities are continuing in Groznyy, mainly in the city center, as well as in Zavodskoy, Leninskiy, Staropromyslovskiy and Chernorechye districts.

Earlier, commanders of militant attack groups reported the seizure of police stations in Staropromyslovskiy and Oktyabrskiy districts to their headquarters.

Militants claim only two of their men were killed and two wounded in the hostilities in Groznyy.

Separatist headquarters claim the Russian losses are counted in dozens. Ten armored vehicles were destroyed, and two helicopters shot down, whose crews perished, the militants claim.

Russia: Chechen Rebels Claim Capture of Argun

LD0608073196 Moscow INTERFAX in Russian 0652 GMT 6 Aug 96

[FBIS Translated Text] Argun, 6 Aug (Interfax) — There have been exchanges of fire in various parts of the town of Argun (15km to the east of Groznyy) since Tuesday morning.

The INTERFAX correspondent has been told that the most intensive exchanges of fire are going on in the town center where the building of the district department of internal affairs and administration is located.

The center of the town is cloaked in smoke. Private dwellings which have suffered in the armed clashes are burning.

After the armed fighters entered the town it was completely blockaded by federal subunits.

They confirmed to INTERFAX at the main headquarters of the armed fighters that Argun has been captured by the opposition and that they have taken control of the town department of internal affairs and the administration. According to operational information from the main headquarters, Argun's militia has been disarmed, and at the present time the armed fighters have laid siege to the military commandant's office which is housed in the building of what was formerly a school.

At the opposition headquarters they also reported that Chechen subunits have entered Gudermes, the second largest town in Chechnya. The Chechen military assert that at the present time there are "local clashes" around the commandant's office, the railway station and the town center.

Moreover, the INTERFAX correspondent has been told by telephone at the district department of internal affairs of Gudermes that the situation in the town is normal

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and that no armed clashes have been registered since the morning.

Russia: Federal Side Renews Call For Talks With Chechen Rebels

LD0508202396 Moscow NTV in Russian 1800 GMT 5 Aug 96

[Report by NTV correspondent in Groznyy, with recorded remarks by Anatoliy Kvashnin, commander of the North Caucasian Military District, and Tim Guldimman, head of the OCSE mission in Groznyy; from the "Segodnya" newscast]

[FBIS Translated Text] [Correspondent] After officially recognizing the violation of the Moscow and Nazran agreements, Moscow has renewed talk about the need to sit down at a negotiating table and even proposed to the rebels a cease-fire for this period.

Commander of the North Caucasian Military District Anatoliy Kvashnin arrived in Groznyy by air today. He has supported the initiative put forward by [Vyacheslav] Mikhaylov [minister of nationalities and federal relations] and [Sergey] Stepashin [secretary of the State Commission for a Settlement in Chechnya] and stated his readiness to meet the opposition leaders.

[Kvashnin, interviewed at airport] We are always ready for this meeting. But in this particular situation which is evolving now the other side simply refuses to come to the meeting, using various excuses. At first they explained that it was impossible to hold the meeting for technical reasons. Now they are giving different reasons.

[Correspondent] To prove that there is a split among the opposition, Anatoliy Kvashnin read out a leaflet found in Groznyy which had been allegedly written by [Dhzokhar] Dudayev. In the leaflet Dzhokhar said that he was alive but had been removed from power by [Aslan] Maskhadov [chief of General Staff of Chechen separatists] and [Zelimkhan] Yandarbiyev [leader of Chechen separatists] who were advocating talks with Moscow.

Admittedly, other leaflets are also being circulated in Groznyy. In them, Maskhadov calls on the city's residents to stock up food and water and to use the cellars more actively if military operations resume.

Meanwhile, the district commander said that about 70 rebel detachments were operating in Groznyy at present. They number from between 15 and 20 to 50 fighters.

[Kvashnin] They must be disarmed, of course. If they refuse to disarm voluntarily, we will disarm them by force.

[Correspondent] It looks that in the very near future they will have limited forces to disarm the fighters. Kvashnin said that [Boris] Yeltsin's decree on the pull-out of troops by September would be fulfilled without fail.

[Kvashnin] We are pulling out troops and you can see it. Only the troops permanently deployed here will stay: our 205th brigade of the Defense Ministry and the 101st Brigade of the internal troops.

[Correspondent] As for reaction from the opposition leaders to whom the readiness to meet has been addressed for the last few days, it is rather vague. Tim Guldimann, head of the OSCE mission in Groznyy, said today that he had passed to Yandarbiyev's representatives the desire of the Russian side.

[Guldimann, talking to correspondent outside his office] I have passed the readiness for a meeting to the Yandarbiyev side. I have received a reply that there is an agreement in principle as there has always been one. But there are certain conditions and at present I cannot say whether the meeting will go ahead.

[Correspondent] At the same time Guldimann stressed that the talks had never stopped. For example, today he continued consultations with both sides on the further exchange of POWs.

The necessity of the talks is being recognized by all the parties to the conflict. Whether they will take place or not most likely will become clear tomorrow [6 August]. Dialogue is even more important now since, according to the military, the situation in Chechnya is described as a "tense lull." Rebels who have promised to mark the inauguration of Russian President Boris Yeltsin in their own way may blow up the situation any time. [video shows Kvashnin interview, view of Groznyy airport, movement of troops]

Russia: Stepashin Foresees End to Chechen Combat

MK0608113096 Moscow NEZAVISIMAYA GAZETA in Russian 6 Aug 96 p 3

[Interview with Sergey Stepashin, senior secretary of the State Commission on the Settlement in Chechnya, by Ilya Maksakov: "The Separatists Do Not Demand Immediate Secession From Russia. Sergey Stepashin Thinks the War Will End Before the End of the Year"]

[FBIS Translated Excerpt] [passage omitted]

[Maksakov] I would like to ask a few questions regarding the official Groznyy authorities. During the talks in Nazran the separatists set stringent conditions, demanding that elections be canceled. I also know that

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there was some uncertainty among the federal delegation. Then a solution was found, whereby, according to the Nazran accords, elections are to take place after demilitarization. I wonder what line of conduct the Zavgayev administration will adopt should this provision be implemented, and how will you heed its interests, for Zavgayev will apparently be opposed to yet another election, won't he?

[Stepashin] No. First, our agreement was somewhat different in nature. In think that we found genuinely propitious phrasing in diplomatic terms, in which we said that elections in Chechnya are the business of the Chechen people, although the delegation believed that it would be better to hold the elections after demilitarization. Incidentally, local elections have never taken place yet. We have discussed this subject with Doku Zavgayev and the leadership of the Chechen Republic. They will evidently be held after the military stage is over so that there will be normal conditions to elect deserving people. By the way, I think that one ought to know Chechnya, its ethnic, national, religious, and economic characteristics. Authority is particularly strong there in the local community, the teyp [clan], a specific area. Centralized authority has never been strong in Chechnya, with the possible exception of the time of Imam Shamil. Authority has always been strong in, let's say, Urus Martan, where Lechi Magomadov or Gantemirov lived; in Tolstoy Yurt, home to the teyps of Khasbulatov and Labazanov; in the Benoy district, where Doku Zavgayev comes from; or in the south, where there is Salambek Maigov. So what strength is about is that the local authorities can be made up of genuinely respectable people who actually enjoy both sides' support, and ultimately the situation in the Chechen Republic will change considerably. For this reason the agreement on holding local elections after the end of demilitarization is very important.

In addition, under a law which was adopted by the Supreme Soviet, all government authorities in Chechnya operate for a transitional period of up to 2 years. Almost a year has passed already. So those who think that they have a political future — there are people there who are not smeared with blood, who were deceived, and who had their own understanding of what honor and conscience are — do have a chance. By the way, starting an intra-Chechen dialogue is one of our main objectives. I think that this path is important despite the harsh rhetoric on both sides. Incidentally, a unique development occurred in Nazran, when four government representatives and a leader of the Chechen Supreme Council sat down together with representatives of the armed opposition and agreed on very many things. We have often been warned that as soon as all the troops are withdrawn we will get yet another Afghanistan. The question should not be put this way, because Afghanistan is an absolutely different country both ethnically and otherwise. Theirs is a complex relationship between the Pathans, Uzbeks, and Tajiks. We have something similar in Tajikistan. In Chechnya, the population is fairly homogeneous, although this category is fairly conditional, because they are divided into mountain dwellers and lowlanders. But this is a single people, and I think it to be a very remarkable factor that they have sat down and managed to start talking with one another. I was at Gudermes during the presidential elections, and I saw various people there. I know that some were with Dudayev, others with Umar Avturkhanov, but now they work together.

[Maksakov] I would like to ask you about your attitude to Zavgayev. Sometimes his statements appear to border on provocation. For instance, how can people who have been received by the Russian president be called "bandits"? Or how do you interpret his statement to the effect that more people in Chechnya voted for the Russian president than in the rest of Russia?

[Stepashin] I would not use such strong words. As for the elections, I would not call their results into doubt, particularly the second round. I was there myself and saw that fairly many people turned out to vote. I do not think that certain statements by Doku Gapurovich can be interpreted as an attempt to disavow the work of the State Commission. It seems to me that this is simply an emotional outburst — I wish we were in Zavgayev's place... Had this been a weak figure, the other side would never have pushed the condition that "Zavgayev be removed" to the forefront. For this reason I think that this hard-line rhetoric can be explained, if not justified, by what I have just said. His harsh rhetoric against the OSCE mission is also understandable. We ought to show understanding for a person who is really between a rock and a hard place: He is fired at from both sides — from Moscow and from within Chechnya — because he is a Chechen. For this reason I would never make categorical statements in this regard.

[Maksakov] And yet, how right — or wrong — is Zavgayev when he declares Yandarbiyev a lone impostor? What is the actual alignment of forces in your judgment?

[Stepashin] I would not like to somehow comment on or to refute Doku's statements now that he is not here. I can express my viewpoint. I think that, unlike Dudayev, Yandarbiyev is, of course, not such an important figure, although since Dzhokhar Dudayev has passed away his role is fairly large. He was the chief ideologist of fairly orthodox hues. I would liken

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him to Azerbaijan's Elchibey to some extent and then I would immediately ask: How serious is Elchibey nowadays? Incidentally, they look very much alike. I am also perfectly aware of the fact that some portion of the opposition has Yandarbiyev for their leader. There are currently two significant figures there. These are Aslan Maskhadov and Shamil Basayev, although the latter stands somewhat apart. We do not even discuss this subject because Basayev is a state terrorist. I think that this will be a subject for a separate conversation, after active combat operations are over.

[Maksakov] It is planned to sign a treaty between the Chechen Republic and the federal center in August...

[Stepashin] As far as I know, precise dates have yet to be specified. I think that this will be decided by the president. I know that shortly an agreement will be signed between the governments of Moscow and Chechnya. This is a good agreement, which will open up prospects for wide-ranging economic cooperation, construction, restoration. As for the treaty on the characteristic features of relations, it is still at the stage of finalization and discussion. It will be reported to the president separately. The decision will be made by Boris Nikolayevich personally, so let us leave this to him.

[Maksakov] What do you think of the idea of a special status? Maybe we should now wait for some bilateral agreement to be concluded so as to accommodate the interests of the other side in the process of normalization, since we are trying somehow to reach agreement with it?

[Stepashin] This is a difficult question. Perhaps I would not dismiss this suggestion out of hand. Yet, on the other hand, the treaty that is proposed for signing does not rule out that a deferred decision on status could be made subsequently. Any treaty can always be amended. Particularly so because the right to participate in political life for all those who have not smeared themselves with blood will be given by subsequently running for office in local elections or in the elections for the head of the republic, which will be held after the end of the transitional period; afterward we could take a look at the contents of the treaty yet again. All the more so because the treaty gives Chechnya even broader rights than those enjoyed by Tatarstan. I have never heard separatists in Nazran or at other meetings raise the question of Chechnya's immediate secession from Russia. I talked to various members of the opposition delegation, and they told me straightforwardly: "Where shall we go? We understand everything perfectly well."

[Maksakov] How do you assess the prospects for first, Aleksandr Lebed, and second, Ruslan Khasbulatov, to participate in the settlement process?

[Stepashin] Aleksandr Ivanovich Lebed is Security Council secretary; we have met several times to discuss Chechnya. I think that he is not rushing to go to Chechnya or to plunge headlong into the settlement process in Chechnya because he actually wants seriously to straighten this out for himself.

As for Khasbulatov, his situation is largely ambivalent. Since he has been appointed chief of an expert group, let him meet with various people. If something comes of it, good. I have made my assessment of Ruslan Imranovich's involvement and I am ready to repeat it. If Ruslan Khasbulatov has retained his attitude to the situation in Chechnya that he had in 1991-1992 — the recognition of the Russian Constitution and the illegitimacy of the Dudayev regime — I think the federal side can only welcome this. I was somewhat astonished by his assessment of the Nazran accords, his assessment of Zelimkhan Yandarbiyev, whom he tore to pieces, saying that "you have lost to the other side." For a professor living in Moscow this is unethical.

[Maksakov] President Boris Yeltsin has promised to finish this war by the end of this year. Will this promise be fulfilled?

[Stepashin] Active combat operations will be finished. That terrorist acts could be committed for a long time and that they will have to be prevented is obvious. Everyone is tired of this war. It entails huge economic costs, and our economic situation is very difficult. Well, and probably the most important thing is that this affects the lives of people.

Economic Issues

Russia: Officials' Contrasting Views on Foreign Investments Cited

MM0508114496 Moscow IZVESTIYA in Russian 3 Aug 96 p 2

[Report by Yuliya Ulyanova: "Hopes: Russian Ministers Talk About Chalk and Cheese"]

[FBIS Translated Text] Government members are vying with one another to talk about investments. And apparently they are not listening to each other, because each one describes the situation in his own way.

Thus, Deputy Economy Minister Vladimir Kossov promises an investment boom in the fall which will bring into the country 10 percent of investments (today the figure is less than 1 percent). [sentence as published]

At the same time Economy Minister Yevgeniy Yasin believes that decisions on investments are usually made in the middle of the year, so the time for significant

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investments can be deemed to have passed. In the fall, only "portfolio" investments which have been in preparation for a long time, such as oil contracts, may be signed. So the main investments, Yevgeniy Yasin noted, should not be expected until next year.

Oleg Davydov, minister of foreign economic relations, states, however, that unless foreign investments come into Russia today, "tomorrow will be too late."

Russia: Economic Crime Reaches Highest Levels of State

MM0508145996 Moscow RABOCHAYA TRIBUNA in Russian 3 Aug 96 p 2

[Report by Ilona Egiazarova under the rubric "The Market Is Not a Bazaar": "The Shadow Sector Has a Stranglehold on the Economy"]

[FBIS Translated Text] The new Criminal Code will come into force from 1 January 1997. Instead of the current 34 articles of an economic nature it will contain 50 such articles. In the opinion of specialists, this by no means signifies that economic crime in the country will be scotched. Because the situation today can be summed up in a single word: mayhem.

On the most modest estimates around 40 percent of cash turnover in Russia is not controlled today. The flow of hard currency abroad is calculated at $2 billion per month. The shadow sector's share in the country's economy is as high as 50 percent.

Of course, all this did not happen overnight. But when nonferrous metals were being exported from Russia in 1993 and the Baltic countries, which do not possess these natural riches, occupied fifth place in the world in the export register, no one reacted to the alarm signals from the special services.

It was then that, realizing that they could get away with it, organized criminal groups switched from ordinary crime to economic crime. Now virtually no criminal bigwig shuns banking speculation. Indeed, even thieves' "social funds" are no longer kept by individual "purse-holders" but lie comfortably in the accounts of some commercial firm.

Sixty percent of all Russian banks are concentrated in Moscow. Naturally, it is in the capital that economic crime has flourished spectacularly. In the opinion of Andrey Stepantsev, chief of the investigations department of the Moscow Main Internal Affairs Administration, virtually all spheres of activity connected with real money and monetary circulation in Moscow are 100-percent criminalized.

Stepantsev's department is currently winding up an investigation into large-scale thefts of monies from savings and commercial banks. In 1993-1994 a gang of 10 people was operating. The criminals latched on to people with a grounding in economics and "infiltrated" them into banking structures. In their turn these people issued hefty sums of money under forged documents to their partners in crime. The gang stole a total of 100 billion rubles in this way.

The poignancy of the situation is that the gang members are sons of high-ranking functionaries in the Defense Ministry and the Foreign Ministry. And there are no guarantees that the swindlers will be punished.

Pressure is constantly exerted on investigating officers. And the higher their suspicions take them up the state ladder, the more slowly the investigation proceeds. Right now, for example, the Main Internal Affairs Administration's investigations department is handling a case involving the flow of monies apparently intended for Chechnya. It turns out that functionaries in the Russian health minister's inner circle obtained state targeted credits for delivering medical equipment and machinery to Chechnya. The credits were cashed in a commercial bank and... misappropriated. The case is being investigated by the General Prosecutor's Office. Stubborn pressure is being exerted on the investigators, but the Main Internal Affairs Administration staff are determined to take the case to court. Incidentally, while handling cases involving billions of rubles, the investigators themselves earn around half a million rubles per month. Naturally, not everyone can resist temptation in the form of a juicy bribe.

Russia: July Tax Revenue Plan 97 Percent Fulfilled

MM0608104396 Moscow KOMSOMOLSKAYA PRAVDA in Russian 6 Aug 96 p 1

[Unattributed report: "Tax in the Hand Is Worth Two in the Bush"]

[FBIS Translated Text] In July the federal budget tax revenue plan was fulfilled by 97 percent. In June it totaled 89.4 percent. The treasury received 19.9 trillion rubles, the highest figure since the beginning of the year. This was report by State Tax Service Press Secretary Alexander Yeremin.

The State Tax Service intends to continue active work with approximately 500 enterprises which are major nonpayers of tax, owing the state more than 100 billion rubles.

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Russia: Government To Support Bale Out of Moscow Car Company

MM0508153896 Moscow ROSSIYSKAYA GAZETA in Russian 1 Aug 96 p 4

[Russian Federation Government Decree No. 862 under the general headline "'Moskvich' Given Support Worth Billions": "On State Support for the 'Moskvich' Joint-Stock Company," dated 17 July 1996 and signed by Russian Federation Government Chairman Viktor Chernomyrdin; from the "Documents" section]

[FBIS Translated Text] To implement Russian Federation Presidential Edict No. 979 dated 22 June 1996 "On State Support for the 'Moskvich' Joint-Stock Company," the Russian Federation Government decrees that:

1. The Russian Federation Ministry of Finance:

is to grant the Moskvich joint-stock company an investment tax credit in 1996 in accordance with the established procedure;

is to allocate to the Moskvich joint-stock company at least 100 billion rubles [R] in 1996 by way of an advance payment for Moskvich vehicles in settlement of the state's commitments to the owners of specific checks for the right to obtain automobiles in 1991-1992 out of federal budget funds envisaged for these purposes.

2. The Russian Federation Ministry of Finance and the Russian Federation Ministry of Foreign Economic Relations are to make provision in 1996 for funding the Moskvich joint-stock company's participation in commodity schemes for settling the former USSR's foreign debt to the amount of the total contracts concluded by the joint-stock company with importers authorized by the governments of the creditor-countries.

3. The Russian Federation Ministry of Finance, the Russian Federation State Tax Service, and the Russian Federation Committee for Machine-Building are to grant the Moskvich joint-stock company a priority tax amnesty on the basis of Point 11 of Russian Federation Presidential Edict No. 685 dated 8 May 1996 "On the Main Spheres of Tax Reform in the Russian Federation and Measures To Strengthen Tax and Payment Discipline."

4. The Russian Federation Ministry of the Economy, the Russian Federation Ministry of Finance, and the Russian Federation Committee for Machine-Building:

are to make provision, when drawing up the draft federal budget for 1997, for the allocation to the Moskvich joint-stock company of funds need to settle the internal state debt as regards the specific checks;

are to make provision in 1997-2001, when drawing up the draft federal budgets, for channeling the funds needed to implement the program for the restructuring and financial improvement its enterprises to the Moskvich joint-stock company.

5. The Moscow Government:

is to give assistance to the Moskvich joint-stock company in conducting the financial improvement and restructuring of its enterprises;

is to adopt the measures necessary to provide to state support for the Moskvich joint-stock company, partly by resolving, according to the established procedure, issues concerning the granting of tax concessions at the level of local taxes and duties in the period through 2001;

is to buy Moskvich cars for the city's needs.

[Signed] Russian Federation Government Chairman Viktor Chernomyrdin

Russia: Government Orders Support for Tupolev Aircraft Builders

MM0608082896 Moscow ROSSIYSKAYA GAZETA in Russian 1 Aug 96 p 4

[Russian Federation Government Decree No. 792 "On Measures of State Support for the Rossiyskiy Aviatsionnyy Konsortsium Financial and Industrial Group's Activities," dated Moscow, 12 July 1996 and signed by Chairman of the Russian Federation Government V. Chernomyrdin: "Homeland, Save the Homeland's Wings" — from the "Documents" section]

[FBIS Translated Text] In accordance with Russian Federation Presidential Edict No. 496 of 18 May 1995 (SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, 1995, No. 21, page 1957) and with a view to providing state support for the Rossiyskiy Aviatsionnyy konsortsium financial and industrial group's activities, the Russian Federation Government decrees that:

1. The Russian Federation Ministry of Finance and the Russian Federation of the Economy, together with the Russian Federation Committee for Industrial Policy and the Russian Federation Ministry of the Defense Industry, are to examine the Rossiyskiy Aviatsionnyy Konsortsium financial and industrial group's investment projects to develop the Tu-204 and Tu-214 series of aircraft as well as the Tu-330 cargo plane, and from 1997 provide domestic and foreign investors with guarantees in the established manner for the introduction and series production of the aforementioned aircraft, including appropriate amounts of finance in the 1997 investment program.

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2. The Russian Federation Ministry of Finance is to grant tax credits during 1996-1998, according to the established procedure and depending on the investment programs' effectiveness, to the Aviastar, the Aviatsionnyy Nauchno-Tekhnicheskiy Kompleks named for A.N. Tupolev, and the Permskiye Motory joint-stock companies, with compensation for the loss in state budget income during 1996 coming from a reduction of returnable finance for defense industry conversion investment programs, and is also to conclude credit agreements with these organizations.

3. The executive authorities in the Russian Federation components on whose territory the members of the Rossiyskiy Aviatsionnyy Konsortsium financial and industrial group are located are recommended to grant them additional concessions and guarantees within the limits of their jurisdiction.

4. The Rossiyskiy Aviatsionnyy Konsortsium financial and industrial group's members are to be given the right to determine the terms for equipment depreciation autonomously, using accelerated depreciation and channeling the resulting capital into financing the group's investment projects.

5. The regional energy commissions are re3commended to examine the question of establishing a concessionary tariff for electricity and heating for the Rossiyskiy Aviatsionnyy Konsortsium financial and industrial group's members.

6. The Russian Federation Ministry of the Economy, the Russian Federation Ministry of Finance, the Russian Federation Ministry of the Defense Industry, the Russian Federation State Committee for the Management of State Property, and the Russian Federation State Committee for Industrial Policy are to devise and implement additional measures of state support for the Rossiyskiy Aviatsionnyy Konsortsium Financial and Industrial Group's activities during the fourth quarter of 1996, which should target the restructuring of aircraft production and include the transfer according to the established procedure of the federally owned block of shares in the Aviastroitelnaya Kholdingovaya Kompaniya "Tupolev" joint-stock company to the trusteeship of this financial and industrial group's principal company.

[Signed] Chairman of the Russian Federation Government V. Chernomyrdin

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International Affairs

Ukraine: Party Questions Kuchma's Presence at Yeltsin Inauguration

LD0508200096 Kiev UT-2 Television Network in Ukrainian 1730 GMT 5 Aug 96

[FBIS Translated Text] The Christian Democratic Party of Ukraine circulated a statement today, questioning the necessity of Ukrainian President Leonid Kuchma's presence at the inauguration of Russian President Boris Yeltsin in Moscow. All CIS presidents have been invited to the ceremony, while other countries are sending diplomatic representatives. In this way, the Russian leaders want to demonstrate the loyalty of their alleged vassals, says the statement.

Ukraine is an independent state. Russia was represented by its ambassadors at the inauguration of both the first and the second Ukrainian presidents. In these circumstances, Leonid Kuchma's visit will be seen as a sign of Ukraine's inferiority, and so will be degrading and inappropriate, the party said.

Ukraine: Black Sea Fleet Commander Criticizes Navy Chief

LD0608092396 Moscow INTERFAX in English 0854 GMT 6 Aug 96

[FBIS Transcribed Text] SEVASTOPOL, Aug. 6 (Interfax) — The political statements by Ukraine's naval commander, Vice Admiral Volodymyr Bezkorovaynyy are undoubtedly counterproductive to the Russian-Ukrainian dialogue, commander of the Black Sea Fleet Admiral Viktor Kravchenko told Interfax Tuesday.

Bezkorovaynyy told a press conference in Kiev on August 4 that "there are no problems in dealings between the two fleets. All the problems are being imposed on us by politicians."

Kravchenko said that "neither in Ukraine, nor in Russia, should military leaders of such standing make politically-tinged statements or criticize their own political leaders." Kravchenko disagreed with his Ukrainian colleague and said that "the leaders of the two fraternal states, guided by common interests, will find a wise political decision on the Black Sea Fleet."

Kravchenko said that Bezkorovaynyy's intention to revoke his signature from the documents on the second stage of division of the Black Sea Fleet, is "an act of demonstrative bravery and selective courage." He said he could not understand "why the Ukrainian naval commander did not make such statements under former Defense Minister Valeriy Shmarov, who signed these documents."

Kravchenko believes that Bezkorovaynyy's other argument that the Black Sea Fleet exists exclusively at Ukraine's expense, and that Russia is only paying salaries to the Black Sea Fleet personnel, is beyond criticism. "This is an instance of disrespect for Russia and a manifestation of shameful ignorance," he said.

According to Kravchenko's sources, "the Black Sea Fleet is paying Ukraine 17 kinds of taxes, so more than 40 percent of Russia's allocations to the Black Sea Fleet find themselves in the Ukrainian treasury, on which the Ukrainian Navy lives."

"As a result, Russia maintains not only the Russian Black Sea Fleet, but, in the absence of the Black Sea Fleet's status, the fleet of a fraternal state," he said.

The Russian side could see lately that "an open and civilized approach to relations with the Ukrainian naval forces is being perceived by the Ukrainian fleet leaders as weakness.

"If this situation persists," he said, "representatives of the Black Sea fleet will have to review the current concept of relations," he added.

"Despite the Ukrainian naval commander's attempts to reverse the negotiating process on the Black Sea Fleet by making thoughtless statements, the efforts of the two states' presidents will be a success," said Kravchenko.

Ukraine: Serious Differences With Russia Over Gas Transit Venture

LD0508210596 Kiev UNIAN in Ukrainian 1450 GMT 5 Aug 96

[FBIS Translated Text] Kiev, 5 Aug — Serious differences have emerged at the talks on the Ukrainian-Russian joint venture in gas transit, Haztranzyt. Quoting the minutes of a meeting between a Ukrainian Government delegation and Russian Gazprom officials, Oleksandr Sverdlov, head of the Ukrainian State Committee for Oil, Gas, and Oil Refining Industry Directorate for Oil and Gas Transit and Underground Depositories, revealed that Ukraine demands a 51- percent stake in the enterprise, while the Russian Gazprom wants control over 50 percent of shares.

According to Sverdlov, the Ukrainian side also insists on a principle of joint security for the company's loans. This means that if any side is unable to offer credit security, such security is offered by the other side. The Russian Gazprom has rejected the option.

Substantial differences emerged in the estimation of transit charges for gas pumped through the territory of Ukraine. While the Ukrainian side proposes that charges

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should not be lower than those set throughout Ukraine's pipelines, the Russian negotiators insist on the opposite.

The sides signed a record of their differences at the end of last week.

Ukraine: Deal Reached on Exchange of UNA Detainees for Russian POW's

LD0508162996 Kiev UNIAN in Ukrainian 1445 GMT 5 Aug 96

[FBIS Translated Text] Kiev, 5 Aug, UNIAN — Belarusian President Alyaksandr Lukashenka and the leadership of the Federal Border Troops of Russia today began talks on the exchange of seven members of the Ukrainian National Assembly [UNA], currently detained in Minsk, for 14 Russian border guards, who were taken prisoner of war in Chechnya, Viktor Melnyk, the chairman of the UNA Political Committee, has told UNIAN. He said the final agreement on the exchange had been reached with the Russian and the Chechen sides.

Melnyk said the talks and the future exchange will take place under the auspices of the Organization for Security and Cooperation in Europe. The exchange will take place in Groznyy, he said. It is planned that representatives of the Federal Border Troops will take the UNA members to Groznyy where they will be exchanged for the 14 Russian prisoners of war.

Ukraine: German Democratic Group Links With Ukrainian Nationalists

LD0508195996 Kiev UNIAR in Ukrainian 1615 GMT 5 Aug 96

[FBIS Translated Text] Kiev — "The time has come for national forces and national organizations to unite. We are trying to bring national forces together in a single network," Karl Senenbieler, press attache of the National Democratic Party [NPD] of Germany, told a joint news conference with the Ukrainian National Assembly [UNA].

An NPD delegation, led by Party Chairman Udo Voigt, visited Kiev on 3 and 4 August to build up links with the UNA. "Our party is neither for communists nor for capitalists. We are centrists," Senenbieler said. "The NPD maintains relations with many friendly nations, calls for a new economic order (a "third way"), and opposes the multicultural destruction of nations."

National Affairs

Ukraine: President Kuchma Reappoints Ministers

LD0508162396 Moscow INTERFAX in English 1609 GMT 5 Aug 96

[FBIS Transcribed Text] KIEV, Aug 5 (Interfax-Ukraine) — Ukrainian President Leonid Kuchma on Monday issued decrees appointing Mykhaylo Zubets as deputy prime minister in charge of the agricultural-industrial complex and Vasyl Hureyev as economics minister, the presidential press service told Interfax-Ukraine.

The president also appointed Valeriy Malov as minister for machine-building, the military-industrial complex and defense conversion; Valeriy Mazur as industry minister; Valeriy Samoplavskyy as forestry minister and Dmytro Ostapenko as culture and art minister.

All of them have worked in these positions previously.

The appointments were made because of the adoption of the new Ukrainian Constitution on June 28 and the formation of a new government.

Ukraine: President Orders Comprehensive Anti-Crime Plan

LD0508185196 Kiev UT-1 Television Network in Ukrainian 1800 GMT 5 Aug 96

[no video available]

[FBIS Translated Text] In view of the grave crime situation in Ukraine, marked by a considerable rise in the number of serious crimes, including outbreaks of terrorism and robbery and involving the use of arms and explosive devices; to ensure proper protection of the constitutional order and human rights and freedoms; proceeding from the recommendations of the National Security Council; and in accordance with Article 102 and Clause 1 of Article 106 of the Ukrainian Constitution, the Ukrainian president has issued a decree on additional measures to strengthen law and order in Ukraine. The decree instructs the Ukrainian Cabinet of Ministers to discuss and submit to the president within one week a draft for a comprehensive anti-crime program covering the period from 1996 to 2000. The full text of the decree will be published in the press.

Ukraine: Privatization of Nuclear Power Plants Drafted

LD0508170596 Moscow INTERFAX in English 1558 GMT 5 Aug 96

[FBIS Transcribed Text] Kiev. August 5. (Interfax - Ukraine) — The State Property Fund of Ukraine (SPF)

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and the State Atomic Energy Committee (Derzhkomatom) have drafted a Presidential Decree on peculiarities in privatization of nuclear power complex enterprises.

As has been disclosed to IF-U, the draft is designed to step up the restructuring of enterprises in the nuclear power complex.

Eleven enterprises belonging to the nuclear power complex are not to be privatized because of their significance for the national economy. Among them are five nuclear plants, the Eastern ore-dressing plant and the Pridneprovsky chemical works, specializing in the mining and processing of uranium ore and raw zirconium.

The workers of these enterprises are in unequal conditions in comparison with the personnel of the enterprises to be privatized, the SPF believe.

Against this background, the draft decree writers regard it as reasonable to grant the personnel of state-owned nuclear enterprises, which are not to be privatized, the right to purchase on soft terms the stocks of the stock-holding companies, which are set up on the basis of the property of the structural branches of the said enterprises, are integral property complexes, technologically independent of the basic production.

In expert opinion, the adoption of this draft Decree would increase the number of sites to be privatized, settle problems facing the nuclear complex workers in accommodating their privatization certificates, and contribute towards an optimized structure to control the industry's operation and enhance its efficiency.

Ukraine: Nuclear Official Criticizes West's Stance

WS0608100296 Kiev SAMOSTIYNA UKRAYINA in Ukrainian Jul 96 No.16 (203)

[Interview with Mykhaylo Pavlovskyy, member of the Ukrainian Supreme Council Commission for Nuclear Policy and Safety, by I. Dmytrenko; place and date not given: "Chernobyl as a Means of Battle for Our Market"]

[FBIS Translated Text] [Pavlovskyy] Ukraine's nuclear power engineering, just as all the sectors of national economy, is encompassed by A bitter crisis. Nonpayments are our principal ailment. It is a paradox: our AES [nuclear power plants] have earned enough funds for all technological operations, as well as for material support of their staffs and for the development of their infrastructure. However, nonpayments on the part of consumers of electric power nullify all the efforts of AES personnel.

The most pressing problem is that of preparing for the upcoming winter. For a number of years, the crisis situation in Ukraine's energy sector has been resolved namely thanks to AES which produce almost 50 percent of THE needed electric energy in winter. Therefore, we should pay particular attention to proper maintenance of the AES equipment. Meanwhile, this is where problems emerge, caused by chronic nonpayments. For this reason, the issue of high technological readiness of AES is acquiring a strategic nature; thus, our commission is planning to invite to one of its next sessions all the involved ministers and deputy premiers, and to jointly decide what to do, where to go, what goals to pursue, and where to look for support.

The primary task, however, is to resolve the problem of nonpayments and to repay debts to AES. Otherwise, we will be faced with collapse.

[Dmytrenko] Let us discuss in this context the issue of the Chernobyl AES. What will be its future? And another essential question: who is responsible for making a decision about its future? There are many of those who tell others what and how to do....

[Pavlovskyy] Indeed, there is more than enough of unwanted "advisers." Let me cite a fresh example. One of THE German "green" organizations has held a conference in Ukraine which, in particular, addressed the issue of the relationship between Ukraine's nuclear power engineering and environment. Is this not a strange situation? German "greens" are going to teach us what to do with our nuclear power engineering! Moreover, they did not simply give good advice or share their experience. No, their conclusions were very categorical: democracy and nuclear power engineering are incompatible (?!) Thus, the "green" well-wishers maintain that if Ukraine wants to build a democratic society, it should — guess what — give up domestic nuclear power engineering. This was really an overdose.

As for the Chernobyl AES, a lot of, mildly speaking, strange things are happening around it. Members of our commission have met representatives of the G-7 several times. Every time they heard the same firm demand: the Chernobyl AES must be closed down immediately! Why? It turns out this demand was not prompted by the inadequate safety of power of the Chernobyl AES units. I would say more: out of the total number of around 2,000 nuclear reactors that currently operate worldwide, the safety level of our reactors is so high that the Chernobyl AES has been entered on the list of the top 10 safest nuclear power stations in the world! Therefore, there are virtually no grounds to be afraid that a tragedy may occur again. What is the matter then?

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The answer is easy. It turns out that well-wishers' demands are not prompted by the fear of worsening environmental conditions in Ukraine and their effect on peoples' health. The point is that they are pursuing exclusively their own interests. They do not care that Ukraine may be faced with dramatic energy shortages in the immediate future, given that such shortages are even now beingcurrently observed. What will be Ukraine's solution? It will have to buy electric power. It can be offered this kind of "service" immediately, given that there is a surplus of electric energy produced in Europe. Therefore, the conclusion is obvious: under the disguise of concern about nuclear safety, a secret war is being waged for Ukraine's energy market.

[Dmytrenko] What stance should Ukraine take if it does not want to become a semi-colony?

[Pavlovskyy] Every action causes counteraction. The same should happen here. We should analyze all the aspects of our actions. As for nuclear power engineering, they [foreign states] would gladly supply us with nuclear reactors and other equipment. However, how would we pay for them? Not only would we become hostages, but future generations, as well.

At the same time, there is another option — developing domestic nuclear power engineering. What do we need for this? Fuel? Ukraine's discovered uranium ore deposits are sufficient for 150 years of AES' operation. Equipment? We have developments which surpass Western ones. Therefore, the technical and technological aspects are not a problem. What we probably do need is the ability to make proper decisions proceeding from Ukraine's national interests. At least, this is what we lacked in the past, hence the results.

[Dmytrenko] Let us go back to the fate of the Chernobyl AES, though.

[Pavlovskyy] The firm stance of both the government and the Supreme Council is: the Chernobyl AES must be closed down. However, this should be done under certain conditions. Namely, the power plant should reach the end of its operational lifespan. If we are not be forced to close down the Chernobyl AES earlier, by the time it reaches the end of its operational lifespan it will produce enough energy to cover the expenses on resolving the problem of the fourth reactor, on closing down the entire power station, and on maintaining the town of Slavutych.

However, to meet the world community halfway, we agreed with an early closedown of the station. Without exaggeration, this was a political decision. However, this decision was conditioned by receiving tangible financial assistance as compensation for unrepairable losses inflicted to Ukraine's economy. And this is where our categorical "clients" begin to wriggle and to say the well-known "those are your own problems."

Nevertheless, our government's stance is firm (at least so far): as soon as Ukraine receives enough funds, it will meet its commitments. As long as it does not receive these funds, the Chernobyl AES will continue to work for the national economy's benefit.

[Dmytrenko] You recently visited the United States with a Ukrainian Supreme Council delegation. What are your impressions of the visit?

[Pavlovskyy] The visit was very interesting and useful. Briefly speaking, after becoming familiarized with U.S. nuclear machine building, I realized that Ukraine has a sufficient technical potential to produce equipment for AES. Second, it was agreed at an appropriate governmental level that Ukraine and the United States can be strategic partners in the field of nuclear power engineering and exchange technologies. This is a new and promising direction. It creates the basis for creating — within as little as five-six years — of developed high-tech domestic nuclear power engineering. The future belongs to it.

Ukraine: Miners Strike Committee Leaders Released From Prison

WS0608085196 Kiev INTELNEWS in English 0600 GMT 6 Aug 96

[FBIS Transcribed Text] Kiev, Aug 5 — Members of the Donetsk miners' strike committee, Volodymyr Minenko, Viacheslav Pozhydayev and Serhiy Raspopov, have been released after serving almost two days in custody.

The three were released on Saturday, following their arrests in Donetsk for the blockade of rail lines and motorways during July's coal mining strike in Donbas.

The co-chairman of the strike committee, Mykhailo Krylov, is still under arrest according to a sanction of the Donetsk prosecutor. Krylov is charged with organization of the July miners' walkout that resulted in substantial financial losses.

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Economic Issues

Ukraine: Macroeconomic Stability Attracting Investors

MS0508141496 London FINANCIAL TIMES in English 5 Aug 96 p 20

[Report by Matthew Kaminski: "Ukraine Vows to Ease Foreign Access to Debt"]

[FBIS Transcribed Text] The Ukraine government, a late-comer to east European economic reform, has pledged to get its debt market up and running before the end of the year.

A stable local currency and low inflation have attracted interest from investors in the former Soviet Union to Ukraine's high-yielding Treasury bills, which were introduced in arch 1995. However, the market's expansion — particularly through increased western participation — has been hindered by the lack of clarity on taxation.

"The more aggressive investors in local currency markets in eastern Europe are getting interested," said Mr David Boren, head of emerging markets research at Salomon Brothers. "A lot of Russians have been active in it for a while."

Domestic commercial banks have exhibited confidence in Ukraine's recent macroeconomic stability. Yields on three-month paper fell from 92 per cent in June to 57.3 per cent last week. With inflation at 0.1 per cent in June and the currency appreciating, yields are quite high in real terms, although below Russian levels. The effective rate of return was 6.16 per cent in June.

Local bankers are betting that the International Monetary Fund will this year be able to rein in the Kiev government's impulse to spend freely before winter - fuelling inflation in the process — as has occurred in the past four years. "Volumes should pick up towards the end of the year because the government has printed all the money it is allowed to and has no other IMF-approved way to cover the budget deficit," said Mr Sergey Manokha, a senior manager at First Ukrainian International Bank.

Limited liquidity has been a main drawback for the dozen or so local banks actively trading T-bills: Ukraine's outstanding fixed-income bonds amount to an estimated $700m equivalent, compared with more than $24bn in Russia. This amount, however, could hit $2bn by the end of the year. According to Ukraine's 1996 budget, about 32 per cent of the deficit — or 150'000bn karbovanets ($85m) — will be financed on the domestic bond market.

After raising 65,780bn karbovanets on the domestic market in the first half of the year, a central bank official admits that "we are slightly lagging behind schedule".

It comes as a surprise, in these circumstances, that the government has not moved faster to ease foreign access to the market, which should lower yields and increase liquidity. Regulations on taxation and repatriation of profits have been sitting at the ministry of finance for the past year awaiting approval.

Until these regulations are clarified, only grizzled investors from Russia and the Baltic countries are likely to accept the risks associated with investing in Ukraine. Both domestic and foreign investors are asking for more clarity.

Kazakhstan has seen its yields drop to 30 per cent after eliminating all taxes on government bonds. By contrast, Russian yields, at about 90 per cent, are high as the Moscow government limits foreign entry. Ukraine's central bank has asked the ministry of finance to set the withholding tax at 15 per cent.

Some analysts suspect Ukraine has deliberately delayed setting the rules because of fears that Russian banks will then swamp the market.

Investment bankers also complain that the custodial arrangements are not satisfactory. Only local banks, which are small and untested, have dealing licences for the primary market. Foreigners who want to come into the market in any size must go through local banks, whose credit ratings are not very solid, a western banker said.

Infrastructure needs shoring up as well. A secondary market has been established at Kiev's interbank currency exchange, where weekly volumes in June were about 3bn karbovanets but growing. Over-the-counter secondary market trading between banks is significantly larger.

Eager investors believe the kinks can ultimately be worked out to put Ukraine, the biggest European country after Russia, on the financial map.

Ukraine: Debt Problem, Miner's Strike Causing Power Cut Offs

LD0508143896 Moscow INTERFAX in English 1125 GMT 5 Aug 96

[FBIS Transcribed Text] Donetsk, August 5 (Interfax-Ukraine) — Several rural districts in the Donetsk region have had their electricity supply cut off for a failure to pay their bills, a representative of the power-supply Donetskoblenergo JSC, who declined to be named, told INTERFAX-UKRAINE.

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He reminded us that the Donetskoblenergo JSC had earlier warned the consumers that they would be de-energized, should they fail to repay their debts.

The source described the energy-supply situation in the region as "critical." According to him, the JSC has no funds to purchase fuel. In particular, two power units have been shut down at the Starobeshev power plant, which cannot pay for mazut to fuel the boilers.

The source referred to an enormous consumer debt for energy supplied as the main cause behind this situation. For instance, the coal-mining industry's oustanding debt to the region's energy sector totals 26 trillion karbovanets, the Ukrvodochermet ferrous metal production association owes four trillion karbovanets, and the agri-industrial sector three trillion karbovanets.

Another cause underlying the crisis is the miners' strike, the official said.

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Belarus

Belarus: President on State Funds for Harvesting

LD0508113896 Moscow INTERFAX in English 1010 GMT 5 Aug 96

[FBIS Transcribed Text] Belarus President Alyaksandr Lukashenka has spoken out in favor of tight control over the use by local administrations of state funds earmarked for harvesting.

"It is important that the money should not be kept by the departments managing agriculture for too long but should be spent promptly when necessary," Lukashenka said during the Monday nationwide intercom conference held in order to consider problems regarding Belarusian 1996 harvest.

The money should primarily be spent on the purchase of fuel for harvesters and transport, he said.

Lukashenka denied criticism of expanded investments in agriculture. "The key task of the country's leadership is to feed the people," he said.

Lukashenka cited experts as forecasting that Belarusian 1996 harvest will exceed 1995 levels by 10-15 percent.

At the same time, the president said he was dissatisfied with the preparation of agricultural equipment for harvesting. He in particular criticized the situation in the Mogilyov region where 25 percent of combine harvesters are dilapidated.

Belarus: Lukashenka 2 Aug Speech to Salt Miners

WS0608085796 Minsk BTK Television Network in Belarusian 1700 GMT 4 Aug 96

[Speech by Belarusian President Alyaksandr Lukashenka to workers of the Salihorsk Saltworks in Salihorsk on 2 August, on the "Rezanans" program; in Russian — recorded]

[FBIS Translated Text] You should know what will happen in the future, and you can pass this on. In October, by the end of October, all enterprise managers in both towns and villages must pay wage arrears to the people. Otherwise, I will have no moral right to call a referendum. Frankly speaking, chances are that you would simply upset it then. This is the entire truth. I want people to receive their wages. In the industrial sector, its peanuts — 311 billion rubles [BR]. In agriculture the sum is a little more than BR600 billion. However, we have a good crop this year. People should be given bread, meat, and butter — they would have to buy them anyway. People should be rendered services, for instance have their grain thrashed, as compensation for unpaid wages. People would have to pay for grain and other things anyway. Thus, we will repay most of the debt to farmers. Speaking about the remaining portion of the debt, we have issued a credit of BR500 billion for harvesting and some of it will be used to pay wages, too. So there is this much about settling accounts with farmers.

Thank God there are no [wage arrears] problems at the Salihorsk Saltworks. This means you will support me at the referendum. Do not dare to fail me. [laughter in audience] Why are you laughing? I have already told you that except for you, I have no one to ask for help. I do not have a party; I do not have mafia clans behind me to support me; and I do not have money to bribe you. I can only ask you in the name of our children's future.

I am not calling a referendum on any wild problems. I am suggesting vital questions — the constitution, private ownership of land, and Independence Day. Are we going to celebrate the day when Kube [German governor of Belarus during World War II] introduced [Belarusian] symbols? Or are we going to celebrate the day when our state, our Belarus was liberated from the German fascist aggressors? [applause in the audience] Is this a good question? It is.

These questions will be offered for the referendum, and please, be so kind as to answer them. Everything will depend on your answers, just as in the previous referendum. A hue and cry had been raised around the national emblem and flag. Why argue? The question was offered for a referendum. Around 80 percent of the people said: We want this [points at the current flag of Belarus]. And we have it now.

Or take arguments about the Russian and Belarusian languages, and the like — another question for a referendum. The people said: the Russian language has equal status with Belarusian. Who is currently persecuted? Nobody. Anyone can speak whatever language he or she wants. Meanwhile, the following approach had been applied before the referendum: Those who cannot speak the "colorful Belarusian language" [words within quotations in Belarusian] cannot be managers. [Lukashenka turns to the manager of the Salihorsk Saltworks sitting at the same table] You would have been fired long ago. [laughter in the audience] I am serious. You see, people would be happy not to have you.

Ridiculous things happened. Teachers who taught in Belarusian received a 20-percent language differential. Teachers who taught in Russian — even if they knew their subjects a 1,000 times better — were considered the second category. The people said: Dear Comrade President, we are giving the Russian language equal status with Belarusian. This is now written in the Constitution. This is how we are going to act.

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Another issue was about Russia — to be or not to be together with Russia. You said yes, and I signed a union treaty with Russia. Did we lose anything? We did not. There were borders between our states, and today I am telling him [points at the saltworks manager]: go ship your products to Vladivostok. In the past, he would say: How can I? There are lines at the border and they do not let anybody through. He can ship his products now. It is easier for me now, for if he does not do this, others will. [Turns to the manager] Forgive me, I say this to all managers. I do not have a better salt miner than you.

The fourth question was: Give me the right to dissolve the Supreme Soviet. You gave me this right. In the past, the Supreme Soviet had the right to impeach the president, but the president did not have the right to dissolve them. There was no equality. The issue was offered for a referendum, and 74 or 76 percent voted for giving this right to the president. I have this right now, although I have not used it so far.

The second issue to be offered for the referendum [in October] will be that of the Constitution. We will publish amendments to the current Constitution; we are not going to change the Constitution completely. We will strengthen the section on human rights. We will stipulate that every man has the following guarantees.... We will then clearly divide the functions of the president and the Supreme Soviet and put an end to arguments in high places. There will be no more grabbing one another by the throat or hair. They have pulled out all my hair already. This issue must be resolved definitely. Who will make peace between us? There may be a war. Wars always started in high places, not among the ordinary people. They were then transferred to society.

Therefore, I want you to answer what we should do. This will not cost you anything. I will find the money [for the referendum] somewhere. I have already found $2 million. I will not take a penny from the budget. Therefore, nobody should criticize me. In essence, spending the $2 million will not ruin us. However, we will have clarity on the aforementioned issues.

Nobody will moan or scream. Whatever the people say will happen. If you do not support me in the referendum, I will think about whether I should stay in the presidential post.

Or, perhaps, I will sit down and think: since the people do not support me, I must work differently, that is, I will think what I have to do afterwards. And the whole team that is working with me will sit with me and think about what to do next. For some reason, I am sure that the people will support me. They will support me, because I am not doing this for myself and my children — I am doing this primarily for you. I am not intoxicated by the post of president. This is a heavy burden for me. If I were not 40 years old, but 60, I would have kicked the bucket long ago — provided, of course, I was still able to work as intensely as now. Forgive my immodesty. There is no immodesty here. This is actually so. [as heard]

Why does a person without citizenship, who permanently resides on the territory of Belarus, have no right to purchase real estate, a house, or an apartment? If permanent residence in Belarus is granted, then why is it not allowed to own houses? What sense is included in the term residence permit? [preceding paragraph read by Lukashenka from a note].

Because this is the law, my revered friends [and] Tarasava Tatsyana Anatolyewna [possibly person addressing Lukashenka with the above questions]. This is the law. Unless you are a citizen of our state, you cannot buy, for example, a part of this plant or a house. Because you, not being a citizen, have not contributed anything to this house, and you are not allowed the same right as someone who has lived here for a long time, became a citizen, and contributed his labor. However, while signing the pact with Russia, I insisted that we sign an agreement with Russia — it was later signed in Brest — stipulating that Russians in Belarus and Belarusians in Russia have the right to buy property without any obstacles. This question has been resolved between the two states. Other states, for the time being, have not become so close to us, so we do not agree to such settlements.

As soon as the new Supreme Soviet was elected — one deputy is sitting here, maybe there are some more — I did as follows: I invited all the factions — communists, nationalists, agrarians, [former National Bank Chairman] Bahdankevichs, [communist faction leader] Kalyakins, and Sharetski with his team — to take part in the round table, as they are calling it now. And I say: Men [muzhyki], do not repeat the mistake of the old Supreme Soviet in which I worked for four years. You remember — it was the Supreme Soviet that stayed in office for five years and wanted to stay for a sixth. This was the essence of a conflict. I say: No, guys [rebyata], five years is stipulated by the Constitution, you must go. We will not go, the old Supreme Soviet [said]. However, I somehow succeeded in persuading them; they quit and provided the possibility of electing a new Supreme Soviet. It was not elected the first time. The elections were held two, three times. At last, 200 deputies of 260 were elected. Parliament is legitimate. I say: Men, this is enough, we do not need 260 [deputies]. Lithuania has 100, or 99. Our republic is somewhat larger, but 200 is enough. Even without all this, the people cannot stand those bureaucrats. No, let us stage

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new elections, let us elect 260 deputies. And they have already scheduled new elections. I say: Men, there will be no elections, I have no money for elections. All the same, you have not done what you promised the people. What did the deputies promise you? Who of them campaigned for parliament under anti-presidential banners? They all said that they were going to help the president, that they would work in unison and jointly. Was this so? Had it been different, you would not have voted for those people at the time, because you wanted your deputies to work in close cooperation with me. Was this so? The people supported them — 90 percent campaigned under the president's banner. As soon as they heaved themselves into those chairs, what became of their promises? Where are their promises?

Why did they take offense? First, I assigned them a wing in the House of Government, as it was earlier, in the times of [former Supreme Soviet Chairman] Dzemyantsey. I say: Guys, live and work here. Well, they made some noise and kept silent. I say: Men, I cannot give you the 80 or 120 cars that you are asking for. Here you have 30 cars, and this is enough. The nation is poor; you do not need to travel excessively. You have 3,000 kilometers per month and this is enough. Why do you need a car? You do not need to go to a plant. You are not occupied with .... [changes thought] Where does a deputy have to go to? Nowhere. He lives in Minsk, he works there. He goes from his home to his job as everyone else — by public transport. Well, take your car, 30 cars. They are not enough. This is how the fuss began.

The next question: I canceled all benefits and privileges. But I denied these benefits to myself, to you and to them alike; I cut off all the benefits except those for war veterans and disabled people, which should not be canceled. The Constitutional Court also involved itself in this, because it also was deprived of benefits. All this was taking place under your eyes, right? Right. Then I looked around and thought: it has become very difficult to live for the nation, so I left them 14 cars out of 30. The reaction was: impeachment, and no less. I say: you will not get more. As for the presidential administration, I left 11 cars. I say to them that I did the same in my administration; I left even less. What do you want? I reduced the state executive apparatus by 40 percent. As for the Supreme Soviet, it has left its apparatus at 300 or 400 people. It is beyond comparison with the presidential administration, which has 120 people. The Supreme Soviet, aside from 200 deputies, has 400 people in its apparatus and a legal institute.

Everybody is puttering about. During the first session, they passed as many as four or five laws. As for wages and living standards, there will be the following situation: the president will receive the highest wage — 2.5 million [Belarusian rubles]. I currently earn 2.7 million. All of you will earn respectively less, starting with the Supreme Council chairman, the prime minister, ministers, governors, oblast executive committee chairmen, rayon executive committee chairmen, city executive committee chairmen, and village soviet chairmen — from top to bottom. There has been enough fiddling about. Nobody will feed us. Deputies will be somewhat below the ministers, the Supreme Soviet chairman, and the president. What else do they want? No, they want to earn as much as the ministers. This will not happen. I have recently disclosed that they pay themselves ministerial wages.

All this friction began with these issues. However, when the president was elected — and even a year ago when the legislators were just elected and had not yet become fully fledged, so to speak — they were afraid to come forward openly. Currently, they have realized that there is a difficult situation in certain places and wages are not being paid on time, and they are thinking that they will now oust the president. Moreover, everybody has united — the Communists, the Belarusian Popular Front [BNF], and the United Civic Party. Fortunately, there are sober communists in Mazyr such as Malafeyew. And they [not further specified] taught him a lesson. In general, communists from Mazyr have initiated the dismissal of the entire leadership of the Communist Party because it reached a compromise with the Belarusian Popular Front and nationalists. And they have done the right thing. This is the only way they can preserve their Communist Party, provided they want to.

This triggered the attacks. I gave them no reason to do so. I repeat once again: I gathered them at a roundtable, and they said the following: Do not gather all of us, because together we will not reach an agreement. Let us meet separately. In the course of 10 days, I sat and listened to them turn by turn and day by day, and finally I told them the following: make a start. I will give you my advice because I worked in parliament for four years. I did not miss a single meeting or a single day. Not a single deputy worked like I did. This can be easily verified. I told them the following: I advise you to take the laws passed by the former Supreme Soviet and shake them well. Keep only the laws which are necessary for society and which correspond to the new Constitution. And they agreed to do so. Almost a year has passed, and do you think that they have done this and codified the laws? No. Although they agreed to do this, they have not done it. The only thing they do well is gather in the Oval Room, criticize the president, and say that he brought the country to the end of its tether,

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plundered it, and are selling it out. They speak about mobsters, etc. I ask you: what have I stolen? Make it public on television what I have stolen. There is no proof. So what are you attacking me for? I would rather starve myself to death, but I would not steal a kopek. I have not stolen anything in my life. I came to power by promising you order, honesty, and decency, and that the heads of officials who steal would roll. Can I steal? No. And nobody has said that I have stolen something. But I am being attacked.

I was patient. But when they went abroad — starting with Sharetski and others — and started asking foreigners, just as those two sick men [refers to BNF leaders Paznyak and Navumchyk] asked for exile and stated... [changes though] Exile is okay. Two people less will make no difference. But they asked them not to provide economic assistance to Belarus. What is this? I went to France, Turkey, China, and Russia, and asked for 20 or 10 million [currency not specified], loans, and assistance. And they said the following: do not give anything because there is an insane president and dictator there. And they are publishing these articles in every newspaper. This is why I want to put this issue to a referendum. If the president is supported in a referendum, everybody will return to their places in both the West and the East. There is a president who has been supported by the people for the second time, or even the third time. The people first elected him, then supported him in the May referendum, and two years later they will support him in another referendum. Everything will return to its place.

Yes, there are contradictions, but believe me, they do not originate from me. Why? Consider this: as it is, the people do not look at how I am fighting with them [not further specified], but at what results will be achieved after three or five years. Will there be improvement and more bread? Will we sell more products, or will we continue to plunge? Will we maintain preschools, etc, that is, they are looking to see whether there will be a concrete result. Can I achieve a concrete result, given this brawl? Never. Therefore, I am interested in calm and peace. If they overturn cars in the streets near my residence, should I calmly observe this? Today they overturn a car, and tomorrow they will break into my apartment and rape my wife and daughter. There already are such cases. It all begins with such things. So should I calmly observe this? No. This is enough. We saw the year 1991. The party was bad, and they overthrew and ruined it. It was the communists themselves who overthrew it. Currently, I will not let anyone overthrow me because I was elected by the people, and I will defend the people as much as possible.

Everyone is currently waiting to hear what Lukashenka will say and where. Crowds of journalists are following me and asking, but I keep silent because rumors that Belarus purposefully planned this in Moscow [refers to alleged CIA plot to overthrow him] would spread immediately. I keep silent because if this is an attempt to test and examine my nerves, I state that I am 40 years old and have strong nerves. I am not 70 years old, and one does not have to examine me. If someone wants to scare me, then I can tell you that while three bodyguards used to escort me 24 hours a day, currently I have only one bodyguard. This is a demonstration. I am not afraid of anyone. I am in my own country and with my own people, and if somebody even tries to touch me... If there is something real behind this, they will not achieve anything as long as 11 million honest, decent, and hard-working people stand behind me.

Belarus: Top Officials Report to Lukashenka on Recovery Measures

WS0608090896 Minsk Radio Minsk Network in Belarusian 0400 GMT 6 Aug 96

[FBIS Translated Text] On 5 August, Belarusian President Alyaksandr Lukashenka received Prime Minister Mikhail Chyhir and Deputy Prime Ministers Syarhey Linh, Uladzimir Harkun, and Vasil Dawhalew. The president heard the report by the heads of the Cabinet of Ministers on basic tenets of primary measures to recover the economy. The development of this program, which supports a regular course of implementing a socially oriented reform, is in its final stage.

When problems of the socio-economic development of Belarus were discussed, the president paid special attention to issues pertaining to the organization of the harvesting campaign. The Cabinet of Ministers was instructed to ensure timely payments for products purchased from the people and agricultural producers. The meeting also addressed other issues of Belarusian domestic and foreign policies.

Belarus: Labor Minister Advocates Increased Economic Reform

LD0508114296 Moscow INTERFAX in English 1010 GMT 5 Aug 96

[FBIS Transcribed Text] Belarusian living standards have decreased and unemployment has risen as a result of the present economic policy, Belarusian Labor Minister Aleyaksandr Sasnow told Interfax.

Belarus has not liberalized trade and industry, he said, adding that administrative command methods were still used in the national economy.

The delay in economic reforms cannot help improve the economic situation and may lead to social conflicts, Sasnow said.

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Furthermore, the country fails to make the best use of human resources, he said.

Another way to reform the economy is the so-called "shock therapy," which means that structural, financial, and legal changes are introduced radically and all at the same time, Sasnow said.

Poland has opted for this policy that resulted in the liberalization of production, trade, and labor relations. However, this policy has also spawned a number of problems, including a serious rise in unemployment, which now totals about 15 percent of the Polish able-bodied population, and low living standards, Sasnow said. The Polish government encouraged businessmen within the context of such a difficult situation. The economic situation in Poland improved in five years, Sasnow said, adding that this was proved by economic growth registered in the private sector, while output in the state-run sector is decreasing, increasing wages and a relative decrease in unemployment.

Taking into consideration the achievements related to the reforms, the people support them, Sasnow said.

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Kazakhstan

Kazakhstan: Kazakhstan Off U.S. Arms Blacklist

LD0308131896 Almaty KARAVAN-BLITS in Russian 1 Aug 96 p1

[FBIS Translated Text] The U.S. State Department has passed a special resolution removing Kazakhstan from the "blacklist" of states to which U.S. private weapons manufacturers are prohibited to sell their wares. Beside us, the ban has been lifted on another five CIS countries — Moldova, Georgia, Turkmenistan, Uzbekistan, and Kyrgyzstan. This resolution can be seen as recognizing the states as militarily stable and relatively secure. Russia was the first former Soviet country from which the United States lifted the embargo more than a year ago. Now Kazakhstan has also joined the potential buyers of U.S. weapons.

The license applies only to weapon types that are not regarded as the highest achievements of U.S. military technology, and each supply will be checked as being in conformity with U.S. interests.

Although the very first experience of U.S. weapons supply to the CIS was Kazakhstan's — last year the United States presented the Caspian coastguard with six decommissioned cutters — the Kazakh military are not taking particular delight in the State Department's decision. The entire military system of our country is oriented to Soviet-model weapons. U.S. weapons will require serious restructuring and a technical re-equipping of our military forces. According to the press service of the Defense Ministry, the Kazakh Army is not planning any military purchases from the United States, at least not in the near future.

Kazakhstan: Source Says Oil Talks With Iran Postponed Indefinitely

LD0608092896 Moscow ITAR-TASS in English 0916 GMT 6 Aug 96

[By Vladimir Akimov]

[FBIS Transcribed Text] ALMATY, August 6 (Itar-Tass) — A source in Kazakhstan's government said on Tuesday that two-year confidential talks on local oil supplies to Iran were postponed for an indefinite period of time after coming to a stall during the latest Almaty round.

Iran's delegation left the country with no agreement in hand, the source, who spoke on condition of anonymity, told Itar-Tass.

The source said that the agreement was to provide for the shipment of two million metric tons of oil per year from the city of Atyrau to Iranian ports on the Caspian Sea. The supplies were to be processed in full in northern Iran.

In exchange, Kazakhstan was expected to get a right to export the same amount of crude oil from the Persian Gulf.

According to the source, the talks stalled when Iran, which insisted on direct barter terms, categorically refused from even partly covering Kazakhstan's expenses for transporting oil across the Caspian Sea. A direct barter would enable Iran to avoid costs of oil transportation from the south to the north of the country.

However, the source did not rule out that the talks' delay was politically motivated at least to a certain extent. He said that the United States, whose companies are involved in several Kazakhstan oil projects, could press on the republic's government in order to push Iran from the local oil sector.

Kazakhstan: Cossacks Seek Accommodation With Kazakh Authorities

LD0408121796 Moscow ITAR-TASS in English 1159 GMT 4 Aug 96

[By Vladimir Akimov]

[FBIS Transcribed Text] ALMATY, August 4 (Itar-Tass) — Cossacks from the Siberian Cossack regiment have addressed an open letter to Kazakh President Nursultan Nazarbayev. The letter written on behalf of Cossacks residing in the Akmola, Kokchetav, North-Caucasian and Pavlodar regions was delivered to the Kazakh president by church officials of one of the Orthodox dioceses. The letter says that activists of the Cossack movement are prepared to begin constructive cooperation with top power structures.

The Cossacks believe that this problem should be resolved at a government level and that a special commission vested with broad powers shall be established to find a formula for cooperation. "We are a disciplined and organized force. We can be useful to Kazakhstan in a state service. We pledge to serve the country faithfully, but we were not taught to lick anyone's boots",the letter says.

Cossacks' unions exist on the Kazakh territory for about five years. However, the authorities do not recognize public movements possessing their own military uniforms and weapons. In turn, the Cossacks set little store by their opponents either. They openly declare they are part of the structure of the Russian Cossack troops, they stage marches in Kazakh cities, wearing a military uniform and arrange sermons in churches and cathedrals.

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Tajikistan

Tajikistan: Rakhmanov Discusses Problems With UN Envoy

LD0508123496 Moscow INTERFAX in English 1158 GMT 5 Aug 96

[FBIS Transcribed Text] DUSHANBE, Aug 5 (Interfax) — Tajik President Emomali Rakhmanov and special representative of the U.N. Secretary General Dietrich Merrem discussed inter-Tajik settlement in Dushanbe Monday.

Speaking at a press conference in Dushanbe, Merrem said he has just returned from a two-day trip to the Karateginsky region in the east of Tajikistan. While meeting with heads of the regional administration and field commanders of the opposition armed formations in Garm he discussed fulfillment of the cease-fire agreements in the Karateginskaya valley (Tajikabad and Garm are situated in the valley).

Merrem said the United Nations attracts [word as received] great significance to problems related to exchange with POWs between the opposition and Dushanbe. He said that a successful exchange "will strengthen measures of confidence between the confronting parties." He pointed to Rakhmanov's strive to speed up the process of exchange.

Acting chief military observer of the U.N. mission in Tajikistan Jan Anderson reported that observers will start fulfilling their mission in Tavil-Dara in the near future.

Presidential press secretary Zafar Saidov, who attended the press conference, confirmed Rakhmanov's readiness to meet with leader of the Tajik opposition Said Abdullo Nuri and to discuss settlement and to sign a new ceasefire agreement for the whole period of the negotiation process.

Saidov said the president "will meet without any conditions and does not demand any preconditions from the other party."

Tajikistan: UN Envoy Highlights POW Issue

LD0508161996 Dushanbe KHOVAR in Russian 1100 GMT 5 Aug 96

[FBIS Translated Text] President Emomali Rakhmanov of Tajikistan received UN Special Envoy Gerd Dietrich Merrem today. After the meeting, in an interview with journalists, Dietrich Merrem said the meeting was "very constructive" and expressed satisfaction over the fact that firm instructions to render assistance to the UN Military Observers' Mission in taking up positions in the Tavil Dara area in the coming days were given to the power-wielding ministries at the last session of the Tajik Security Council.

The UN special envoy reported on his two-day visit to the Karategin valley, in the course of which he expressed his condolences to the family of Mahmud Idiyev, the former chairman of the local administration in Tajikabad, who was killed on 1 August. In Garm he met leaders of the district and field commanders of the armed opposition groups.

According to Merrem, the two sides discussed ways to improve implementation of the cease-fire agreement there and to introduce it to the whole territory of the Karategin valley.

Merrem mentioned that the United Nations gives great importance to the exchange of prisoners-of-war as one of the measures directed at improving trust between the sides to the conflict, and he asserted that the conditions of prisoners-of-war are worsening because of lack of medical observation and a shortage of food. At the same time, Merrem said he was satisfied with the attention the president has been giving to the exchange of prisoners-of-war and his efforts at speeding up this process. Mr. Merrem thinks that despite the difficulties it will be possible to reach results on other provisions of the Ashgabat agreements, which means that the exchange of prisoners-of-war can be and must be speeded up. "I will help comprehensively to accomplish this as soon as possible," the UN special envoy stressed.

Ian Anderson, the acting chief of the UN Military Observers' Mission, took part in the meeting and told journalists that a mission group will start to carry out its duties in Tavil Dara in the near future, and he will also be considering talks held in Taliqan, northern Afghanistan, with the leaders of opposition and the Afghan authorities about opening military observer posts on the territory of the Islamic State of Afghanistan.

Tajikistan: Border Guards Repel Intruders From Afghanistan

LD0508114596 Dushanbe KHOVAR in Russian 1110 GMT 5 Aug 96

[FBIS Translated Text] A Russian border guard detail at a Khorog Border Detachment post stopped an attempt by three border-violators to cross from Afghanistan into Tajikistan on the evening of 4 August.

One intruder was killed and the other two were returned to the place from which they had tried to penetrate the territory of our republic.

This was reported by the press group of the Russian Border Troops in Tajikistan.

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Georgia

Georgia: Moscow Negotiations on Abkhaz Problem Deadlocked

LD0508112896 Moscow INTERFAX in English 1053 GMT 5 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 5 (Interfax) — Georgia and its breakaway region of Abkhazia, holding talks in Moscow since the middle of last month, are still at odds on the mandate of the CIS peacekeeping force deployed in the region, a government source told Interfax on Monday.

He said the negotiation was going on hard, with signs of progress in some areas and friction in others.

The question of whether the force's mandate, which expired on July 19, will be extended or not will hinge on the Moscow round brokered by Russia, he said.

Tbilisi says the mainly Russian force will be allowed to stay put if it is vested with policing functions and its area of responsibility covers the whole of Abkhazia's Gali region. Sukhumi accepts the first condition but rejects the second one.

The source said the two sides had broken off for consultations with their governments and "we are awaiting results."

He did not say exactly when the talks would resume apart from saying chief Abkhaz negotiator Andrey Dzhergenia had gone off for consultations in Sukhumi.

Georgia: Tbilisi, Sukhumi Still Wide Apart on Peacekeeper Mandate

LD0508163296 Moscow INTERFAX in English 1355 GMT 5 Aug 96

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, Aug 5 (Interfax) — Georgia and its breakaway region of Abkhazia, holding talks in Moscow since the middle of last month, are still at odds on the mandate of the CIS peacekeeping force deployed in the region, a government source told Interfax on Monday.

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Georgia: Abkhazia's Pro-Georgian Leader on Results of Russian Visit

LD0508130996 Tbilisi BGI in Russian 0930 GMT 5 Aug 96

[FBIS Translated Excerpt] A delegation of the [pro-Georgian] Supreme Council of Abkhazia returned from Moscow yesterday. BGI correspondent Inga Dadiani has interviewed Tamaz Nadareishvili, chairman of the Supreme Council of Abkhazia in exile.

[Begin recording] [Dadiani] What were the aims of your visit to Moscow?

[Nadareishvili] The main aim was to meet members of the Russian State Duma. We had meetings with members of the Russia is Our Home faction and the interethnic relations committee. We also met Stanislav Govorukhin, the leader of the Power to the People faction, and Communist faction leader Gennadiy Zyuganov. [passage omitted]

[Dadiani] What can you say about the results of the visit?

[Nadareishvili] I am pleased with the results. The task that we had set ourselves was fulfilled by 90 percent.

[Dadiani] As far as we know, meetings with Russian Defense Minister Igor Rodionov and Security Council Secretary Aleksandr Lebed did not take place. Why?

[Nadareishvili] That is right. These meetings were planned but did not take place. We were politely informed about the reasons for the cancellation.

[Dadiani] What specifically did they tell you?

[Nadareishvili] Lebed said that he had not sufficiently familiarized himself with the problem of Abkhazia. Rodionov said that he was not against a meeting as such, but did not see a need for it because he had just recently met Georgian Defense Minister Vardiko Nadibaidze. We drew the conclusion that both of them politely avoided meeting us. [passage omitted]

[Dadiani] In the past, you had a skeptical attitude to all statements from the Russian side. Can it now be said that your attitude has changed?

[Nadareishvili] To a certain extent. In any case, the meetings with the opposition showed that Russia's

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attitude to the Abkhaz conflict has changed. I got the impression that they had reached the conclusion — at least those whom we met — that Abkhazia is part of Georgia and cannot be an independent state or be incorporated into any other state. The question for them now is the conflict settlement mechanism.

[Dadiani] How does the opposition see this mechanism?

[Nadareishvili] They believe that Georgia's territorial integrity should be restored, but in such a way that the Abkhaz will not feel hard done by. I would like to stress that it does not mean that the return of refugees will start right away. But it is obvious that forces that in the past supported [Abkhaz separatist leader] Vladislav Ardzinba unconditionally are now changing their attitude to this issue and are ready to establish contacts with us.

[Dadiani] What is the Communists' position?

[Nadareishvili] They are also ready to have contacts with us. The Communists have realized that Georgia is falling within the sphere of influence of many states and can see the influence of these states. This alarms and concerns them to a certain extent. They cannot afford to ignore it. At the meeting with the Communists, we said that if Russia did not help us restore Georgia's territorial integrity and get Abkhazia back, we would have to state that Russia has an unfriendly attitude to us.

[Dadiani] During your visit, quadripartite consultations on the Abkhaz issue were going on in Moscow. What can you say about these consultations?

[Nadareishvili] By the time we arrived the consultations had actually reached deadlock and been suspended. The Abkhaz side made an official statement that it did not intend to discuss with Georgia the issue of Abkhazia's status because this issue had already been determined by the Constitution of Abkhazia. Neither did the Abkhaz side accept our proposals on defining the peacekeepers' mandate. [end recording]

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